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## USSR REPORT

### USA: ECONOMICS, POLITICS, IDEOLOGY

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## USE OF PSYCHOLOGICAL ASPECTS OF SDI TO INFLUENCE AMERICANS

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[Article by I. Ye. Malashenko: "The Politico-Psychological Aspects of the 'Star Wars' Program"]

[Text] The realities of the nuclear age demand recognition of the fact that international security cannot be guaranteed by military means. As the Political Report of the CPSU Central Committee to the 27th CPSU Congress said, "the guarantee of security is becoming an increasingly political problem, and it can only be solved by political means.... Security cannot be based forever on the fear of retaliation--that is, on the doctrines of 'deterrence' or 'intimidation.' Aside from the absurdity and amorality of a situation in which the entire world is a nuclear hostage, these doctrines stimulate an arms race, which could sooner or later go out of control."<sup>1</sup> The Soviet Union proposes that an escape from this situation be sought in detente, the development of international cooperation, the consolidation of trust and the transcendence of mutual suspicion. A realistic way of delivering humanity from the nuclear threat is discussed in the USSR program for the complete elimination of nuclear weapons throughout the world.

What kind of alternative to the present situation is Washington proposing?

The Reagan Administration is trying to portray the "Star Wars" program as this alternative. According to its authors, this program should change the current military-strategic situation in every respect. As President Reagan said in his "radical" substantiation of the Strategic Defense Initiative of 23 March 1983, this program will serve "our final aim of eliminating the threat created by strategic nuclear missiles" and "make nuclear missiles powerless and obsolete."<sup>2</sup> Later Reagan also announced his intention to move from "mutual assured destruction" to "mutual assured security."<sup>3</sup> After a while, however, the thesis that the new "defensive" systems were to be developed primarily to "strengthen the nuclear deterrent" was expressed in statements by the President and by high-level members of his administration, especially Secretary of Defense C. Weinberger.

For example, the annual report of the secretary of defense to the Congress for fiscal year 1985 stated that "the potential for stronger nuclear deterrence could be created with the aid of advanced technology."<sup>4</sup>

There is an obvious contradiction between the two lines of reasoning: Whereas the first type of argument in favor of the SDI makes references to a "new approach" to security issues, the second is wholly and completely confined to traditional stereotypes.

This contradiction is no coincidence: To a considerable extent it is an unavoidable result of the administration's attempts to mobilize maximum domestic political support for the "Star Wars" program and achieve a consensus in public opinion in general and in political-academic groups. As renowned political scientist A. George noted, "the President will win support for his policy only if he is able to convince enough members of his administration, the Congress and the public that he really does have a policy and that this policy is a carefully considered one."<sup>5</sup> This, in turn, requires the fulfillment of two conditions: First of all, the President must prove that his policy aims are desirable from the standpoint of "national values" and, secondly, he must prove that his policy is practicable.<sup>6</sup>

This was what the Reagan Administration was striving for when it launched the unprecedented ideological and psychological pressuring of the American public and of the U.S. political-academic community to secure domestic political support for the "Star Wars" program. As part of this process, the administration has made a maximum effort to conceal the dangerous implications of the SDI for the current military-strategic situation and the unavoidable destabilization of the "balance of terror."

The engineers of the SDI were able to discern the mechanisms and stereotypes in public opinion that could be skillfully manipulated for the mobilization of substantial support within the country. For this purpose, they are taking advantage of the contradictory common opinions with regard to nuclear realities and the conflict between the desire to eliminate the nuclear threat and the desire to retain the United States' "special position" from the standpoint of security safeguards in today's world.

Ronald Reagan's promise to establish an impenetrable "shield" over American territory and to essentially "insulate" the United States against the nuclear threat had the strongest impact on the public mind. For almost two centuries the United States was in a position of military invulnerability, and this left an indelible impression on the American mind. Many Americans still cannot completely accept the fact that the earlier advantages connected with the "insular" position of the United States have disappeared almost without a trace in the nuclear age. There is still public nostalgia for the days of the invulnerable "American fortress." It is this tendency that the engineers of the "Star Wars" program are using in their propaganda strategy.

The American public's emotional perceptions of the nuclear threat and the desire to escape it at any cost are also connected with the acute sense of loss of the United States' earlier military invulnerability. The authors of a 1984 comprehensive study of American public opinion on nuclear matters remarked that "no matter how the questions were worded, the response was unequivocal: Nuclear war is horrible, and there will be no winners or survivors."<sup>7</sup> The realization of this fact motivated many Americans to take an anti-nuclear position and work toward the revision of the Washington

leadership's military policy aims. In particular, these feelings were reflected in the growth of the peace movement and they created serious political problems for the Reagan Administration, which had undertaken an unprecedented buildup of U.S. nuclear potential and had publicly declared the possibility of fighting and winning a nuclear war.

The Reagan Administration first tried to neutralize opposition feeling with the aid of "peaceful" rhetoric, but eventually began to make vigorous use of other methods of molding public opinion, appealing simultaneously to the fear of a nuclear catastrophe and to the remaining illusions about the possibility of restoring the previous invulnerability of the United States. The so-called "Strategic Defense Initiative" (SDI) Ronald Reagan announced was consistent with "national values" and therefore evoked an emotional response from the public, who were suddenly offered the prospect of a return to "pre-nuclear" times. It is not surprising that in September 1985, for example, 86 percent of the Americans supported the creation of a "better system of defense against all nuclear weapons."

The elimination of the nuclear threat will be an exceptionally difficult undertaking but it still can be achieved through joint efforts, through international cooperation. The Reagan Administration, however, offered the Americans a plan for deliverance from the fear of nuclear war on what could be termed a unilateral basis, and there was a specific ideological and psychological reason for this. The American approach to the outside world has always displayed a strong tendency toward the resolution of international problems precisely on a unilateral basis, with paramount (or even exclusive) reliance on the United States' own resources. As the United States' military and political power grew, this tendency, which is rooted in the isolationist tradition, gradually turned into a sense of self-sufficiency and into the certainty that the United States could solve any problem by itself and in its own way, ignoring the rest of the world.

This has been particularly apparent in the U.S. approach to security issues. In the nuclear age it is exceptionally difficult for the American mind to reconcile itself to the idea that the attempts to heighten U.S. security at the cost of the other side's security will unavoidably give rise to counter-measures and that this will eventually diminish the United States' own security. The Washington administration is deliberately cultivating the illusory hope that deliverance from the nuclear threat can be achieved through advancement (but, in essence, a return) to a state of "American invulnerability." It is not even concealing the fact that the "absolute security" of the United States would mean the absence of security for the Soviet Union and other countries.

In this process, the Reagan Administration is striving to make use of the attributes of national egotism and the anti-Soviet stereotypes that were persistently cultivated in the American public mind for decades. The image of the Soviet Union as the "evil empire" validates, according to the engineers of the "Star Wars" program, the desire to take cover from it under an impenetrable shield and the attempt to put the USSR in a position of absolute vulnerability.

Appealing to traditional beliefs and stereotypes to convince the public of the desirability of the SDI, the Reagan Administration is striving to create the impression that the program is technically feasible. Here the supporters of "Star Wars" are also speculating on the American belief in the technical omnipotence of America, for which nothing is impossible when it comes to the development of new technology.

It is indicative that 62 percent of the Americans surveyed in a January 1985 poll expressed the opinion that a system in space for the destruction of missiles "could work" (the opposite point of view was expressed by only 23 percent of the respondents).

Americans display a certain degree of support for the SDI primarily in those cases when it is described as a "space defense" project; on the other hand, when it is described in polls as a program for the deployment of new types of weapons in space, the majority of Americans object to "Star Wars." This is quite understandable in view of the fact that "defensive" systems might seem preferable, in the psychological context, to "offensive" ones, which are associated in the public mind with the nuclear threat. Furthermore, the public is unaware of the objective connection between means of defense and attack.

Nevertheless, the average American is worried that the SDI program will lead to a new round of the arms race: 75 percent of the people polled in March 1985 by the Harris firm, for example, expressed the opinion that the Soviet Union could develop weapons against which the U.S. defense system would be powerless. On the other hand, the administration was able to convince many Americans that the SDI would promote agreements with the Soviet Union (48 percent of all respondents agreed with this point of view in January 1985, and 41 percent disagreed).

Therefore, the public attitude toward the SDI is ambiguous and contradictory, which is generally the case when the U.S. public is not well informed about an issue. The administration is making every attempt to use the "average" American's insufficient knowledge about the SDI for its own political purposes and to plant illusions in the public mind about the goals and technical feasibility of the "Star Wars" program.

The creation of a broad-scale ABM system with space-based elements will not deliver mankind from the nuclear threat and will not secure the transition to "mutual assured security," but will destabilize the strategic situation and increase the danger of nuclear war. Under the cover of rhetoric about the elimination of the nuclear threat, the Reagan Administration is appealing to the most archaic beliefs in order to mobilize support for the "Star Wars" program and to neutralize the public worries about the plans for the militarization of space.

The engineers of the "Star Wars" program are well aware that the effectiveness of the ideological and psychological molding of American public opinion and the fate of the program as a whole will depend largely on the position of political-academic groups, on the degree of support it can win on the

elite level. Members of these groups are much more aware than the general public of the technical difficulties of creating a space "shield" and of the dangerous military-strategic and politico-psychological implications of the SDI. For this reason, the administration is using more subtle ideological and psychological means and methods to form a "consensus" (or agreement) on this level. In addition to the slogan intended primarily for mass consumption, that the SDI will make nuclear weapons "powerless and obsolete," it is also offering more "elitist" grounds for the program. Advancing the thesis that the SDI will help to "strengthen nuclear deterrence," the administration is striving to make use of the interest the discussion of strategic defense matters arouses in the U.S. political-academic community.

In part, this is connected with the conviction of many American experts that attempts to "beat" the Soviet Union by means of the quantitative buildup and qualitative improvement of offensive weapons are futile today. For four decades they have been elaborating various military-strategic doctrines and theories, and now they are inclined to believe that nothing new can be invented in this field. Many of them are seeking an escape from the conceptual impasse by promoting the idea of strategic defense and are even competing in the elaboration of the appropriate theories. In turn, the extensive discussion of various strategic defense options can itself create a certain ideological and political atmosphere that will aid objectively in carrying out the plans of the SDI's initiators.

Striving to make use of existing tendencies in American military and political thinking to substantiate the SDI, the administration is primarily relying on the opinions of experts who have traditionally insisted on the development of strategic defense. Back in 1969, for example, E. Teller, the "father of the hydrogen bomb," made the following statement in an interview: "I cannot even find the words to say how much better it would be, in my opinion, to destroy enemy missiles rather than to incur losses as a result of an attack and then retaliate by killing people. I repeat, and with the strongest emphasis, that defense is better than retaliation."<sup>8</sup> According to Teller, and to many of those who share his views, the broad-scale anti-missile system should supplement the American nuclear arsenal and secure total impunity for the United States. The High Frontier organization, headed by retired Lt Gen D. Graham, a well-known supporter of "space defense," has played the most active role in molding American public opinion. The intention to develop "defense," as the views of its champions, such as C. Gray and C. Paine, testify, is directly related to plans to fight and win a nuclear war. These plans have also been acknowledged publicly by the Reagan Administration.

Members of the administration have had to recognize the fact that even many supporters of the idea of strategic defense do not believe that a system created within the SDI framework could be 100-percent effective (or even close to 100 percent). Some of them support the plan for the space "shield," which would be only partially effective (this variety of so-called "fine defense" is being defended quite vigorously by, for example, F. Hoffman, the director of the Pan Heuristics think tank in Los Angeles, under whose supervision the well-known report on "Antimissile Defense and U.S. National Security" was prepared in 1983).

To secure support for the SDI in the political-academic community, its champions are striving to enlist the services of specialists who attach primary importance to the hypothetical vulnerability of American land-based ICBM's. Furthermore, they are relying mainly on the specialists who are striving to find an escape from this situation by creating an antimissile system, and not by using other methods (for example, mobile ICBM's). In general, as ISSUES IN SCIENCE AND TECHNOLOGY remarked, "the defense of hardened targets seems much easier to accomplish on the technical level and poses less of a threat to traditional principles of deterrence than the defense of the population. Some analysts inside and outside the government believe that if a strategic defensive system is deployed, it is more likely to be a system for the defense of hardened targets, and not an exotic system of the Star Wars type, the type mentioned as an objective of the Strategic Defense Initiative."<sup>9</sup> The administration actually supports this interpretation of the SDI. The possibility of creating systems with space-based elements for the defense of land-based ICBM's has been openly discussed by the head of the SDI program, Lt Gen J. Abrahamson, by Under Secretary of Defense F. Ikle and by other Washington officials.

To a considerable extent, the administration is deliberately making the "Star Wars" program ambiguous in an attempt to "win over" as many members of the academic community as possible and to establish a broad domestic political consensus in favor of the SDI. Striving to make the process irreversible and to create a situation in which the next administration will be unable to abandon the program, the current Washington leadership is actually supporting any interpretation of the SDI that will aid in perpetuating the program.

The "Star Wars" engineers must also consider the substantial opposition to the SDI in the U.S. political and scientific communities. Representatives of this opposition frequently object to the program primarily for pragmatic reasons--its colossal cost, technical impracticability and so forth. In an attempt to neutralize the opposition, the Reagan Administration and its allies are vigorously "ideologizing" the issue and are stating that attitudes toward the "Star Wars" program are a criterion of loyalty to the administration and to the United States in general. The propagandists of "Star Wars" are trying to arouse an anti-Soviet reflex in the public mind by arguing that the SDI is supported by "real patriots" and opposed by covert or overt "defeatists" who do not want to strengthen America's power and prestige. This is being done so that the SDI's opponents will at least have to "think twice" before they publicly oppose it.

The basest forms of anti-Soviet propaganda are being used for the ideological and psychological brainwashing of scientists and specialists whose services are being enlisted for work directly on the "Star Wars" program. According to American journalist W. Broad, who wrote a book about the Livermore Laboratory "Group O" researchers working on SDI-related projects, one of them frankly admitted: "I do not understand how nuclear weapons can be developed if you are not worried about the danger that the Soviets will take over the world. I have to at least put myself in an anti-Soviet frame of mind first."<sup>10</sup> Another "Group O" researcher, Peter Hegelstein, was also

motivated, in the opinion of his colleagues, to work on space weapons by an obsessive fear of the Soviet Union, which was shrewdly fueled by laboratory administrators when they recommended several anti-Soviet works for him to read.<sup>11</sup>

The engineers of the "Star Wars" program are striving to make maximum use of the widespread technocratic ideas in the academic community. They are exploiting and fueling the "technological optimism" of this community and its faith in the unlimited capabilities of the American technical genius. In his speech of 23 March 1983, Ronald Reagan appealed directly to the "scientific community" to devote its "great talents" to the SDI. The scientists were actively persuaded by G. Keyworth, the President's science adviser, who tried to stimulate the most optimistic expectations with regard to the technical feasibility of the SDI. The supporters of "Star Wars" are also taking advantage of another aspect of the technocratic approach--the eradication of the line between political and technical issues, making it possible to portray the SDI as a panacea for a complex group of military and political problems.

An important line of reasoning in favor of the SDI is the thesis that it is no more than a research program, intended to "verify" the technical feasibility of various ideas about strategic defense. Here the emphasis is often placed on the impossibility of stopping scientific and technical progress and renouncing research. This kind of demagoguery is also having certain repercussions in the political-academic community. Its members are sometimes misled in this way about the administration's real intentions and its real aim of giving current "research" the kind of inertia that will eventually culminate in the development and deployment of new weapons systems.

Therefore, two basic lines can be discerned in the administration's strategy for the mobilization of maximum ideological and psychological support for the "Star Wars" program within the United States. The first, designed primarily for the general public, emphasizes the "revolutionary" nature of the SDI, which is supposed to put an end to the nuclear threat, the situation of "mutual intimidation" and so forth. The second, designed primarily for elite groups, stresses, to the contrary, the compatibility of the SDI with existing military-strategic doctrines and theories (especially its ability to "strengthen nuclear deterrence") and the technical feasibility of its less ambitious aspects.

The advocates of the SDI deny, however, the internal contradiction between the two lines of reasoning in favor of the program. According to C. Gray, for example, "it is logical to assume that a) strategic defense will eventually replace the principles of nuclear deterrence to such a degree that there will be no need to threaten the use of nuclear weapons, and b) during the period of transition--which could be quite lengthy--from the present situation to this level of defense, strategic defense can and should strengthen the stability of nuclear deterrence in its present form."<sup>12</sup> The essence of the problem, however, is the impossibility of escaping the situation of "nuclear deterrence" by "strengthening deterrence" with the aid of the militarization of space, which can only increase the nuclear danger.

Obviously, if the United States should develop and deploy an antimissile system with space-based elements, the USSR will take effective counter-measures to prevent U.S. military superiority. But if there should be a new round of the arms race, then, as M. S. Gorbachev pointed out, "each side will always feel that it is losing the race in some field or another and will feverishly seek new responses, escalating the arms race, and this time on earth as well as in space."<sup>13</sup> Therefore, even if the Soviet-American strategic balance should be maintained, the militarization of space will have serious political and psychological implications. It will not mean deliverance from the "balance of terror" and will not "strengthen deterrence," but will, rather, escalate terror and destabilize the current situation.

The Reagan Administration is trying to convince Americans that the SDI will relieve them, either partially or completely, of the psychological burden of the situation of mutual assured destruction by "transcending" or at least "strengthening" the "nuclear deterrent." These propaganda efforts cannot, however, conceal the fact that the SDI will actually bring about dangerous changes in the military-strategic situation (including changes of a psychological nature) and destabilize the present "balance of terror."

The psychological aspect is an important element of the current military-strategic situation, the stability of which depends on an approximate quantitative and qualitative balance of arms and on the degree to which the existing situation is viewed by the two sides as a balance. In essence, one of the elements of this balance is the immutable fact that a nuclear attack will certainly be followed by a retaliatory strike which will destroy the aggressor.

The term "balance of terror" sums up the psychological dimension of the theory of "mutual nuclear deterrence" and to some extent, according to the common view in the United States, reflects the quintessence of the current military-strategic situation. The Soviet Union has never acknowledged the political implications of this theory because it has no plans for a nuclear attack on the United States and there is therefore no need to "deter" the USSR. From the purely military standpoint, however, "mutual nuclear deterrence" reflects the fact that nuclear war would inevitably mean the destruction of both opposing sides.

In essence, the theory of "nuclear deterrence" contains, as even American experts admit, a profound internal contradiction. On the one hand, the state must have enough nuclear strength to accomplish the "assured destruction" of the adversary--that is, to inflict "unacceptable losses" on the adversary even if the given state is the first to be subjected to a nuclear attack. On the other hand, the threat to use nuclear weapons must be credible and cannot appear to be a mere bluff. This, however, implies the establishment of the nuclear potential to fight and win a nuclear war, and not merely to accomplish "nuclear retaliation" (the second line of reasoning is traditionally employed to substantiate the development of "counterforce" potential).

The Reagan Administration's supporters deny the existence of any kind of contradiction between the two aspects of "deterrence": The more prepared a

country is for war, the broader the range of functions its nuclear forces can perform and the more effectively it can deter an enemy attack. The other side, however, will naturally interpret the measures to establish combat potential as evidence of aggressive intentions and as an attempt to escape the impasse of mutual assured destruction by creating the potential for a first pre-emptive strike.

For this reason, the fear on which "deterrence" is based takes at least two forms: the fear of "nuclear retaliation" (which is underscored by the supporters of the theory of "deterrence") and the fear of a first strike by the other side, which creates a particularly dangerous and destabilizing atmosphere. In the first place, it stimulates the arms race by constantly encouraging the quantitative buildup and qualitative improvement of weapons. In the second place, moves dictated by the fear of a first strike only reinforce the other side's belief that it is dealing with an aggressor. Thirdly, this fear can play a fatal role in the event of the dangerous escalation of a crisis by stimulating the delivery of a pre-emptive strike (this example clearly shows how important the Soviet Union's solemn pledge not to use nuclear weapons first is in connection with the stability of the current situation).

Within the framework of the situation of "nuclear deterrence," the stability of the psychological balance depends on the certainty of each side that the enemy cannot deliver a first strike. This situation, in turn, is the result of mutual vulnerability and invulnerability. Each side is extremely vulnerable in the sense that most of its population and industrial potential (at least) can be destroyed by the adversary. At the same time, the strategic forces of each side must be distinguished by a certain degree of invulnerability, guaranteeing the potential for a retaliatory strike. Therefore, the situation of "deterrence" is something like a balance of "vulnerability and invulnerability."

This balance, however, is also relatively precarious. The development of the counterforce potential of one side increases the vulnerability of the other side's strategic forces. This destroys the psychological balance in the situation of "deterrence": The fear of a pre-emptive strike becomes predominant. The situation of "deterrence" becomes increasingly unstable.

What are the possible alternatives to this situation? One is the process of nuclear arms limitation and reduction, which can stop their quantitative buildup and qualitative improvement and accomplish the radical reduction of nuclear weapons and their complete elimination in the future. Steps in this direction would eventually allow the sides to escape the situation of "mutual deterrence" and gradually eliminate the fear representing the psychological basis of the strategic balance. This would entail joint actions and mutual deliverance from fear.

The Reagan Administration prefers another alternative. It is trying to find a way out of the situation by taking unilateral action, primarily through the creation of a highly effective broad-scale ABM system. It is indicative that even the American leadership cannot deny the catastrophic implications of

this course of action. As an official White House document published in January 1985 stated, if the Soviet Union should unilaterally deploy a nationwide ABM system, "deterrence would collapse and we would have no choice but surrender or suicide." Obviously, the Soviet Union would not allow "deterrence" to collapse in this manner and would have to take effective counter-measures.

In view of the fact that many U.S. military and political leaders acknowledge the impracticability of the idea of creating an impenetrable "shield" in space due to technical problems and to the certainty of Soviet counter-measures, some are considering the unilateral advantage to be gained from a less ambitious, partially effective ABM system. Even this system, according to its initiators, could give the United States important advantages and at least change the psychological balance in its favor. Officially, this goal is called "strengthening deterrence" or "stabilizing" the existing military-strategic situation.

The main argument in favor of the SDI as a means of "strengthening deterrence" actually implies that the deployment of an ABM system with space-based elements, even if it is only partially effective, will considerably heighten the uncertainty of the strategic situation for the Soviet Union. "The plans for a ballistic missile attack are much more similar to the plans for building a bridge than for fighting a war," F. Hoffman said, for example. "An essential feature of combat, an active and unpredictable enemy, is absent. The introduction of defensive systems will radically change this situation and reduce the strategic value of the ballistic missiles now representing the backbone of Soviet and American armed forces."<sup>14</sup> According to this line of reasoning, the implementation of the SDI in this form will "strengthen deterrence" because it will complicate a "Soviet first strike."

President Reagan is also using this argument at the present time (although it actually contradicts his initial arguments in favor of the SDI). In his words, if a partially effective ABM system should be established, "the other side will know that if it delivers a first strike, it is possible that not enough of its missiles will reach their targets and that we will therefore be able to deliver a retaliatory strike."<sup>15</sup> According to the supporters of this theory, the creation of a partially effective ABM system will complicate the planning of a pre-emptive strike by the other side and have at least some effect on the other side's ability to deliver a retaliatory strike against cities (it is known that the effectiveness of a first counterforce strike is easier to diminish than the effectiveness of a strike against large populated points).

Under the conditions of the quantitative buildup of U.S. nuclear arms and their qualitative improvement, however, the situation acquires completely different implications, and the Soviet Union has every reason to regard the creation of a partially effective ABM system by the United States as an attempt to guarantee its own security for the delivery of a first pre-emptive strike. If the country possessing this kind of system delivers a first strike, it then has the possibility of enduring a retaliatory strike that has been weakened by the surprise nuclear attack. Therefore, the heightened

"uncertainty" of the strategic situation will actually diminish the confidence of the country not possessing the ABM system in its ability to deliver a counterstrike or retaliatory strike.

A significant psychological aspect of the situation distinguished by the presence of a partially effective ABM system with space-based elements will be the other side's uncertainty about the degree of this effectiveness. Under these conditions, it will naturally be inclined to give the maximum assessment to this effectiveness and to the possibility of the system's improvement in the future. As a result of necessary countermeasures, the nuclear danger to the country with a partially effective ABM system might increase instead of decreasing. "Although it is highly improbable that ballistic missile defense will be very effective, it might seem effective to the other side," R. Lebow remarked. "For this reason, the first superpower to deploy this system could pay a tremendous political price for its efforts without gaining any real military advantages."<sup>16</sup>

The strategic situation will also be distinguished by psychological instability if the other side responds to the deployment of an ABM system with space-based elements by developing a similar system. Under these conditions, each side will be constantly afraid that its opponent has been able to create a more effective system or is moving toward the creation of such a system (and one of the arguments of the supporters of the "Star Wars" program is the statement that a partially effective ABM system with space-based elements could serve as the basis for a future "impenetrable" shield). These fears will escalate the arms race and destabilize the situation as one side becomes convinced that the opposing side is planning to launch nuclear aggression under the cover of this system.

According to R. Jervis, a renowned American expert on political psychology, the "greatest threat is posed by the following situation, which is being ignored today: If one side decides that war is inevitable, deterrence might not work."<sup>17</sup> The creation of an ABM system with space-based elements, whether it is highly or even just partially (which is more probable) effective, will destabilize the situation of "deterrence" (instead of "strengthening" it) in precisely this way.

The advocates of a system designed primarily for the protection of land-based ICBM's assert that it will have a stabilizing effect on the current situation because it will secure the invulnerability of "retaliatory forces." Assistant Director K. Blacker of the Stanford Center for International Security and Arms Control, however, remarked: "In general, the capability of deterrence to strengthen defense against ballistic missiles or to undermine it will depend to a crucial extent on the technical nature and operating parameters of the projected system. Any system for the defense of hardened targets against ballistic missiles, which also has the potential to simultaneously defend some particularly valuable non-military targets, will almost certainly force the country without such a system to assume the worst, regardless of the rhetoric employed by the state building the defensive system. The greater the potential for the defense of territory, the stronger the perceived threat will be."<sup>18</sup>

By the same token, the psychological implications of the deployment of this system will be similar to those of the creation of "fine defense," a partially effective ABM system for the protection of national territory. This will also disrupt the balance within the confines of the situation of "deterrence" and will lead to the dangerous destabilization of the "balance of terror."

Therefore, the objective of "strengthening deterrence" with the aid of the SDI is internally contradictory. In fact, what does "strengthening deterrence" mean under the conditions of a contradiction between mutual assured destruction and the American strategists' demand for the improvement of real combat potential, which actually signifies the creation of first-strike potential? It is obvious that the objective of strengthening the potential for mutual assured destruction is senseless because the United States and the Soviet Union now have the potential not only to inflict "unacceptable losses" on one another, but also to destroy one another several times over and cause a catastrophic "nuclear winter." It is also unlikely that the fear of nuclear retaliation can be intensified in this manner.

The supporters of the "Star Wars" program emphasize another aspect of "deterrence," which, according to American beliefs, presupposes the creation of first-strike potential, the ability to fight and win a nuclear war, and will supposedly enhance the "detering power" of nuclear weapons. The other side, which cannot be misled by false arguments, naturally takes counter-measures and this causes the level of military confrontation to rise constantly.

The creation of one of the ABM systems with space-based elements that are now being discussed in the United States would have a particularly destabilizing effect on the military-strategic situation, particularly in the politico-psychological sphere. Obviously, the USSR, as Soviet leaders have repeatedly declared, will be able to take effective countermeasures to keep the United States from disrupting the strategic balance and achieving military superiority. But if the United States begins the militarization of space, the balance will be restored on a much higher level of military confrontation, under the conditions of the augmentation of offensive and defensive systems in outer space and on earth, as a result of which even parity will cease to serve as a deterrent.

In a situation of this type, there is no point in even discussing a transition to "mutual assured security." The creation of an ABM system with space-based elements will result in an uncontrollable race for all types of weapons and the continued destabilization of the "balance of terror." Contrary to the assertions of "Star Wars" apologists, there is an insurmountable contradiction, which cannot be concealed even by the most subtle rhetoric, between the objective of eliminating all nuclear arms and the attempts to "strengthen deterrence" with the aid of the SDI.

As General Secretary of the CPSU Central Committee M. S. Gorbachev said, "the militarization of space will put a heavy psychological burden on the inhabitants of all countries and will create an atmosphere of general instability and uncertainty."<sup>19</sup>

The Soviet Union has consistently advocated another approach--instead of spending the next few decades developing space weapons which will supposedly put an end to the nuclear threat, the substantial reduction and subsequent complete elimination of nuclear arms should be carried out to deliver mankind from the precarious "balance of terror."

#### FOOTNOTES

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## U.S. POLICY, ROLE IN MIDEAST REGIONAL CONFLICTS CRITICIZED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 27-38

[Article by A. K. Kislov: "Washington and Regional Conflicts in the Middle East"]

[Text] The Resolution of the 27th CPSU Congress on the Political Report of the CPSU Central Committee stresses the need "to seek the just and peaceful regulation of seats of tension"<sup>1</sup> as one of the guidelines of the continued stimulation of a more active Soviet foreign policy. The Soviet Union has consistently supported the freedom of peoples, peace, security and the enforcement of international law. "Its aim," General Secretary of the CPSU Central Committee M. S. Gorbachev's statement of 15 January 1986 says, "is not the escalation of regional conflicts, but their elimination through collective efforts in line with the principles of justice, and the sooner the better."<sup>2</sup>

Furthermore, the Soviet Union believes that conflicts in many seething spots on the planet must be resolved without delay. And all of these regional conflicts and crises must be resolved in ways that do not restrict the legitimate rights of people, their right to decide their own fate and choose their own way of life and social order without any kind of outside interference. It is also obvious that one of the main sources of tension in the world is the attempt of imperialist powers to dictate their will to independent states and interfere in their domestic affairs. In the hope of subduing the forces fighting for national and socioeconomic liberation, the imperialist powers are fueling existing regional conflicts and crises and provoking new ones. The imperialists hope to make use of these conflicts to spread their influence to the countries involved in them and to establish the preconditions for the deployment of their own armed forces on these territories or in adjacent regions.

The American approach to regional and local conflicts is based on the so-called "Reagan Doctrine," which is also known as the strategy of neoglobalism. Resolutely condemning this imperialist theory, General Secretary of the CPSU Central Committee M. S. Gorbachev and First Secretary of the Central Committee of the Communist Party of Cuba and President of the Councils of State and Ministers of the Republic of Cuba Fidel Castro noted at a recent meeting in

Moscow that the doctrine of neoglobalism represents "nothing other than overt interference in the internal affairs of sovereign countries and an attempt to deprive people of the right to freely decide their own fate."<sup>3</sup>

This line has been quite apparent in the Middle East, where an entire series of regional and local conflicts, especially the most protracted conflict in postwar history--the Arab-Israeli conflict, which was the main cause of most of them--are bound together in a tight knot. The White House has long regarded the Middle East as something like a proving ground for the testing of U.S. political methods in emerging countries and the suppression of national liberation movements throughout the world. It is apparently no coincidence that three of the five postwar American foreign policy doctrines associated with the names of various U.S. presidents had the most direct relationship to this region (the "Truman Doctrine," the "Eisenhower Doctrine" and the "Carter Doctrine") and that the two others--those of Nixon and Reagan--are based to a considerable extent on experience acquired by the United States in the Middle East, especially in the use of Israel and local reactionary regimes for its own hegemonic purposes. Underscoring this aspect of the U.S. approach to the Middle East, A. Haig, the Reagan Administration's first secretary of state, called the Middle East a "functional 20th-century laboratory for political experiments."<sup>4</sup>

How do people in Washington view the issue of regional conflicts in relation to the Middle East?<sup>5</sup> The U.S. approach to the Arab-Israeli conflict, which has led mankind to the verge of global confrontation several times, has been systematically analyzed in sufficient detail in our magazine.<sup>6</sup> Several other peace-endangering conflicts and crises also exist in the region, however, and Washington's role in escalating and maintaining these should not be underestimated in any way, even though each American postwar administration has vigorously declared its desire to maintain stability in the Middle East. After the fall of the Iranian monarchy, this became one of the dominant themes in the official U.S. propaganda intended to substantiate the interventionist U.S. policy in the region. "The instability in this region," wrote, for example, NEW YORK TIMES correspondent R. Burt (later the assistant secretary of state and now the U.S. ambassador to the FRG), "represents a strategic problem of comparable scale to the one that led to the creation of NATO."<sup>7</sup>

People in Washington used at least two arguments to validate the U.S. interest in stability in the Middle East: the importance of guaranteed deliveries of Mideast oil at firm and acceptable prices to the United States and to the rest of the Western world, and the danger that a conflict in this region could grow into a global confrontation endangering the existence of the United States. "The most serious danger," renowned American political scientist S. Hoffmann wrote in this connection, "is still the increasing involvement of the superpowers in regional crises in which they have a high stake. Although this involvement has helped to put out fires (for example, in Mideast wars of the past), this might not happen if one of the great powers encounters a situation involving a more humiliating defeat for its clients or the destruction of their defender."<sup>8</sup> American General B. Rogers, the supreme allied commander of NATO forces in Europe, said in an interview that the

causes of war "could be political instability in a particular region, or a fight over depleted natural resources, or both. I would say that the most probable region of this kind of conflict is the Middle East-Persian Gulf-Indian Ocean zone."<sup>9</sup>

Underscoring the danger of instability in the "Third World," especially in the Middle East, people in Washington are not concealing the fact that their interpretation of stability there presupposes the maintenance of a status quo benefiting the United States, and sometimes even the perpetuation of an archaic order in a country if this is what the United States wants, including the renunciation of the course of progressive socioeconomic reforms by the people of the Middle Eastern countries and the refusal of all other states to support this course. If this "stability" is violated, Washington openly declares its willingness to restore it by any means, including military ones.

"In order to crush and shatter the emerging countries and stop the march of history," M. S. Gorbachev said when he was interviewed for the Algerian magazine *REVOLUTION AFRICAINE*, "imperialist forces, especially American imperialism, will resort to any tactic--economic diversion, political provocation and overt forcible pressure.... What do the piratical U.S. actions near the Libyan coast represent if not the old 'gunboat diplomacy'?"<sup>10</sup> The alarming development of events around Libya offers conclusive proof of the danger of the policy of the American self-proclaimed rulers of the destinies of other people. American aviation's piratical raid on Libyan cities on the night of 14/15 April offers more graphic confirmation of the essentially aggressive U.S. approach to independent developing countries and of Washington's complete disregard for the interests of small states and peoples. Furthermore, by committing this aggressive act, the United States, as General Secretary of the CPSU Central Committee M. S. Gorbachev's message to M. Qadhafi, leader of the Libyan revolution, stressed, "presented itself once again to the entire world as the main perpetrator in the escalation of international tension, playing reckless games with the fate of millions of people for the sake of its own imperious ambitions."<sup>11</sup>

American imperialism's new criminal act against Libya cannot be regarded as a coincidence or as the error of some nervous statesmen. On the contrary, it was a direct result of the general policy line of the current American administration, which becomes more belligerent every day and more dangerous to the cause of peace. In a nationally televised speech on the day of the raid, President Reagan said, without a trace of embarrassment: "Today we did what we had to do. We will do it again if necessary."<sup>12</sup>

As far as Libya is concerned, it has been subjected to constant and increasing pressure by Washington for many years. Back in 1976 a highly informed source, the American magazine *NEWSWEEK*, printed an article by a Washington official who unequivocally stated: "Mu'ammr Qadhafi must be eliminated, no matter what it takes."<sup>13</sup> Libya has always been viewed in Washington as a direct target of American pressure and as a model for the testing of U.S. interrelations with the outside world, especially relations with Arab countries. As J. Sisco, one of the most prominent American experts on the Middle East and former assistant secretary of state, remarked, the Reagan

Administration regards Qadhafi as a convenient example for the "demonstration of the new tough U.S. policy line.... The targets were simultaneously the Soviet Union and Libya."<sup>14</sup> Around that same time, the WASHINGTON POST reported that the list of Reagan's "targets" was actually much longer and included, in addition to Arab, African, European and even Latin American countries, the Americans "who are still tortured by doubt and shame as a result of the failures in Vietnam and Iran."<sup>15</sup> Furthermore, many observers, including Americans, see a close connection between the anti-Libyan U.S. actions and Washington's military preparations in other parts of the world. They have frankly stated that the U.S. aggression against Libya in April was, among other things, a rehearsal for American military intervention in Nicaragua, Syria and other countries pursuing an independent policy line.

Washington's choice of Libya as a target was certainly no coincidence. According to American appraisals, Libya has the least support in the Arab states and other countries of the "Third World." In addition, the position taken by Libya, which has objected vehemently to U.S. policy in the Middle East and is having an increasing effect on the state of affairs in the Mediterranean, is arousing the discontent of the Reagan Administration. Besides this, in Washington's opinion, the continued exertion of economic and military pressure on Libya should not create any serious economic problems for the United States. Taking advantage of the surplus of oil in world markets, the United States had already been curtailing its trade and economic contacts with Libya throughout the 1980's during its anti-Libyan campaign. For example, whereas Libya exported 5.3 billion dollars' worth of goods to the United States in 1981 and ranked third among the suppliers of oil to the U.S. market (it accounted for up to 11 percent of all American oil imports), U.S. imports of oil from Libya had fallen to 9 million dollars by 1986. American capital investments in this country also decreased.

Under these conditions, Washington hoped that the noisy anti-Libyan campaign would, on the one hand, demonstrate the administration's "determination and firmness" and, on the other, have a negligible effect on U.S. economic interests and on U.S. relations with other Mideast countries. This is why the support virtually all of the Arab states expressed for Libya by resolutely condemning the anti-Libyan U.S. behavior apparently came as such a surprise to the Reagan Administration. Washington's repeated attempts to involve Egypt in its anti-Libyan military actions were also futile because the current Egyptian leadership did not give in to U.S. pressure.

In general, while the United States was paying special attention to Libya and repeatedly attempting to bind it with a tight knot of conflicts, it constantly increased its own pressure on this country and systematically attempted to use Libya's neighbors in its own hegemonic interests. It relied primarily on such Arab leaders as former presidents A. Sadat of Egypt and G. Nimeiri of the Sudan, who had firmly attached their political future to American imperialism and displayed a willingness to help it carry out its hegemonic plans and to undermine the existing regime in Libya. The situation on the Egyptian-Libyan and Sudanese-Libyan borders was on the verge of a large-scale military conflict several times, and sometimes it even crossed this line. As a rule, conflicts on the borders of countries pursuing the kind of policy Washington

dislikes are fabricated on the pretext that these countries pose a threat to their neighbors. As far as Libya was concerned, the most frequently employed pretexts were allegations about the "anti-Egyptian intrigues" of the leadership of Libyan Jamahiriya, about the "threat" it supposedly posed to the Sudan, about its "interference" in the internal conflict in Chad, etc. All of these allegations were eagerly echoed by local U.S. proteges, who used them in their own political interests. For example, Nimeiri obviously saw the anti-Libyan campaign as a means of diverting attention from the catastrophic socioeconomic consequences of his undemocratic policy line in the Sudan, of muffling the mounting dissatisfaction in his country and of acquiring additional assistance from Washington for the maintenance of his own repressive system. As a result, in 1981 alone the Sudan was supplied with 100 million dollars' worth of weapons over and above the planned amount, and in fiscal year 1982 American military-economic assistance to this country was increased once again by more than 222 million dollars.<sup>16</sup>

When Sadat and Nimeiri left the political stage, however, the United States began to gradually take the forefront in the pressure campaign against Libya, especially after Ronald Reagan entered the White House. He publicly called the leader of the Libyan revolution, M. Qadhafi, his mortal enemy. The propagandistic devil's sabbath Washington launched against Libya, accompanied by allegations that Libya "supported international terrorism" and "provocations and unlawful behavior" in the international arena and even that plans had supposedly been made in Libya for the assassination of Ronald Reagan and other American leaders and that Libya had supposedly sent special terrorist groups to the United States for this purpose, is not even inspiring much confidence in the United States, not to mention other countries. "Even at this time of general cynicism, now that the Americans have been taught to believe the very worst," the WASHINGTON POST remarked in December 1981, "the sensational accusations and counteraccusations aroused by the reports of 'groups of Libyan assassins' have gone beyond all reasonable limits.... There is, however, one feature that makes these reported death threats even more extraordinary and also raises serious doubts about them. This is the public nature of the accusations."<sup>17</sup>

Nevertheless, the Reagan Administration not only continued to fuel the anti-Libyan hysteria but also took several measures to exert direct pressure on this country and its leadership. The announcement of the closure of the Libyan mission in Washington on 6 May 1981 officially reduced American-Libyan relations to the lowest level at which diplomatic relations can be maintained. The State Department then "advised" American oil companies to recall their personnel from Libya on the pretext of the continued deterioration of American-Libyan relations. When these companies, guided by their own interests, decided to ignore the State Department's "advice" and to continue doing business in Libya, President Reagan addressed the Americans with an appeal to leave Libya and announced that the passports issued to U.S. citizens would no longer be valid for travel in Libya. A meeting was organized between members of the Reagan Administration and the executives of American oil companies with personnel in Libya. At this meeting, it was announced that the administration was "prepared to take harsh measures" against Americans refusing to comply with its demand that they leave this country.

An embargo on imports of Libyan oil to the United States was announced on 10 March 1982, and American exports to Libya were limited substantially by the institution of licenses for the sale of all goods with the exception of foodstuffs and other agricultural products, medicines and other medical goods. Other measures which limited American-Libyan trade even more were instituted by Washington in subsequent years. In March 1984, for example, the export of all goods intended for the Ras Lanuf petrochemical complex in Libya was prohibited; in November 1984 a ban was imposed on U.S. imports of Libyan petroleum products.

The Reagan Administration did not confine itself to economic pressure on Libya. At the beginning of the 1980's Washington resorted to the most genuine military blackmail. This is the only possible description, for example, for the destruction of two Libyan planes on 19 August 1981 by American fighter planes in the air space over the Gulf of Sidra. "The skirmish in the air above the Gulf of Sidra," THE WASHINGTON POST commented, "meets all of the specifications of what used to be called 'gunboat diplomacy.'"<sup>18</sup> And this was not an isolated incident. For many years, the United States has been conducting naval maneuvers with combat planes annually or even several times a year literally along the edges of Libya's territorial waters. During these maneuvers American planes have repeatedly invaded Libya's air space, and this could have started an armed conflict.

American-Libyan relations were particularly tense in 1986. Using the terrorist acts committed in the Rome and Vienna airports in December 1985 as a pretext and accusing Libya of involvement in these acts, the Reagan Administration began by announcing new and stricter economic and trade sanctions against Libya. President Reagan ordered the curtailment of all commercial contacts with Libyan Jamahiriya, a freeze on Libyan assets in American banks and their branches and the immediate evacuation of all American citizens from Libya under the threat of "the appropriate penalties." By the end of January a series of large-scale U.S. naval maneuvers had begun in direct proximity to Libyan territorial waters. Commenting on the U.S. military activity near the Libyan coastline, which Washington had reportedly decided to make permanent, NEWSWEEK magazine frankly reported, citing high-level Pentagon officials, that even before the American raid on the Libyan cities, "some Reagan Administration officials expected the constant military pressure to provoke Libyan retaliation, which would have given the United States an excuse for direct armed intervention."<sup>19</sup>

As a propaganda cover for all of these unlawful actions, the Reagan Administration began engaging for the hundredth time in what THE WASHINGTON POST termed "the portrayal of Libya as the personification of international terrorism." As the newspaper's correspondent W. Raspberry remarked in this connection, however, "this ignores the fact that the main cause of terrorism in the Middle East is the international community's lack of concern about the future of the Palestinians...and that the failure of attempts to solve the Palestinian problem, including the refusal of the United States and Israel to negotiate with the PLO, virtually guarantees that terrorism will be escalated and will probably spread to the United States."<sup>20</sup>

The Washington administration's attempts to restage the "Grenada scenario" and to substantiate its policy of state terrorism with the allegation that the lives of American citizens were in danger did not stand up to criticism either. As American correspondents were told by the Americans living and working in Libya, "in their opinion, they had almost no reason to fear the Libyans, but in some cases they had been deeply disturbed by the thought of the repressive actions that might be taken against them and their families by the U.S. administration or by other Americans (frightened and confused by the anti-Libyan campaign--A. K.), indignant that they were working for the government of Mu'ammarr Qadhafi."<sup>21</sup>

The provocative and groundless nature of the hostile actions against Libya became particularly evident in light of the reports in the American press about the aggressive U.S. plans for this country even before the terrorist acts in Rome and Vienna. On 21 December 1985, for example, a WASHINGTON POST article citing American administration spokesmen reported that the "preliminary planning of pre-emptive military actions against Libya" was being conducted in summer 1985 in the United States, and that, to this end, "the CIA analyzed military options and conducted a detailed study of potential military targets in Libya."

Therefore, all that was needed to set the American military machine in motion was a pretext, and it was provided by the bomb set off in April 1986 in the West Berlin nightclub frequented by American servicemen. After this, Washington felt that the American aggression against Libya could proceed at full speed.

The situation involving Libya is only one of the examples of the way in which the United States uses and even organizes regional conflicts and crises in the Middle East for its own imperious purposes. Of course, it would be an obvious oversimplification to reduce the entire situation of U.S. actions. As a rule, the interaction of many internal and external factors, not only social, economic and political, but also ethnic, geographic, religious, even psychological and so forth, lies at the basis of regional conflicts and crises. Most of them, however, display the effects of colonialism, its legacy and remaining traces, inter-imperialist contradictions and the manipulative behavior of the United States, which is trying to make use of these conflicts and crises in its own interest.

Striving to activate its "peripheral strategy," Washington is conducting a policy in the Middle East, and also in other regions, with the centuries-old imperialist "divide and conquer" principle as one of its cornerstones. As prominent members of the communist parties of Czechoslovakia, India and the United States noted in a collective study published in PROBLEMY MIRA I SOTSIALIZMA, Washington is trying to manipulate regional conflicts "to prevent the unification of those whom it views as potential adversaries, to weaken them, to secure access for American corporations to raw materials, sales markets and cheap labor, and to establish bridgeheads of its own surrounding the socialist states. Imperialism is creating artificial conflicts in those parts of the world where causes of local conflicts are lacking."<sup>22</sup>

Washington's approach to regional conflicts is not confined to the exertion of pressure on countries and peoples resisting U.S. diktat or attempts to disunite national liberation forces and weaken their ties with socialist countries. A great deal of hope is also invested in the possibility that the start of a crisis will give the United States an excuse to build up the American military presence in regions directly adjacent to the borders of the Soviet Union and other countries of the socialist community, to set the "critical response" system in motion and to divert attention from certain unpopular actions by the United States and its allies.

The U.S. reaction to the events in the Horn of Africa, which were aggravated by the Somali invasion of the Ethiopian province of Ogaden, was indicative in this respect. When Emperor Haile Selassie I was deposed and the Provisional Military Administrative Council (PMAC) took power in Ethiopia on 12 September 1974, people in Washington were not particularly disturbed by these events. They did not conceal their hope that the Ethiopian revolution would be confined to antifeudal and antimonarchic reforms and that Ethiopia would remain one of the buttresses of American policy in Africa and the Indian Ocean basin. It was not until the PMAC announced its national democratic revolutionary program in April 1976, declaring the goal of "laying a foundation for a transition to socialism," and then began the resolute implementation of this program that the U.S. attitude toward Ethiopia changed perceptibly. The subversive activity of Western and some Middle Eastern countries was stepped up dramatically in Ethiopia. When the Ethiopian Government responded to these actions in spring 1977 by requesting the American military attache and several others to leave the country, the recall of the American military mission and the cessation of operations on the American military base in Asmara, Washington unequivocally informed the Somali leadership of its willingness to provide armed support for Somalia's territorial claims on Ethiopia. The invasion of Ogaden by Somali troops began just 3 months later. In accordance with Washington's plans, the broad-scale hostilities between these states gave it a chance to pressure Ethiopia, which had announced its socialist orientation, and also Somalia, in order to bring about a radical change in the progressive policy line the Somali Government had been pursuing. All of this provided a pretext for the creation of bases for the American rapid deployment force in the Horn of Africa.

Although the United States insists on making use of regional conflicts in its own interest, it also does not conceal its fear of losing control of the course of events during the period of the escalation of tension it engenders. Washington is also disturbed by the prospect that these conflicts could grow into "local" wars involving the use of nuclear weapons, which, according to many American observers, could be a real possibility in the near future. This is the reason for the desire to maintain the state of so-called "controllable tension"--that is, tension the United States can manipulate, increasing or decreasing it, depending on the needs of American policy, with the aid of what might be called a "political rheostat." This, however, is not always possible.

The tragic fate of Lebanon offers conclusive proof of this. It could hardly be a coincidence that the civil war which began in Lebanon in April 1975 and in which many Arab countries became involved to differing degrees, started

precisely at the time when the American-Israeli-Egyptian talks on the so-called "second Sinai agreement" between Israel and Egypt, which had aroused widespread opposition in the Arab world, reached an impasse. There is good reason to believe that the dramatic escalation of friction in Lebanon was provoked by Israel and the United States in order to divert attention from these talks and to weaken the pressure of the Arab countries on Egypt. Furthermore, the civil war in Lebanon heightened disagreements in the Arab world to such an extent that the struggle to eliminate the after-effects of the 1967 Israeli aggression became a matter of secondary importance for some time. It also led to the first serious disruption of the cooperation between Syria and the PLO, which hurt anti-imperialist forces in the Middle East.

In general, the connection between the periodic aggravation of the situation in Lebanon and around it and the "peace-making efforts" of the United States in the Middle East has been quite evident in the last few years. The talks on the "second Sinai agreement," as mentioned above, were accompanied by the start of a civil war in Lebanon, the conclusion of the Camp David bargain was preceded by a sweeping Israeli invasion of southern Lebanon in March 1978, and the withdrawal of Israeli troops from the Sinai peninsula in accordance with the U.S.-sponsored Egyptian-Israeli "peace" treaty in April 1982 was followed by the Israeli aggression that began in Lebanon in June 1982.

There were reasons for the choice of Lebanon as a target for provocation. In addition to the fact that the entire preceding course of events there had created an extremely explosive situation, there were also other serious reasons why Washington and Tel Aviv chose Lebanon as an arena of struggle against progressive tendencies in the Arab world. First of all, after Jordanian government troops defeated detachments of the Palestinian resistance movement (PRM), the main forces of which had been concentrated in Jordan up to that time, in 1970, Lebanon turned into the main base of Palestinian resistance, the elimination of which was always of paramount importance to Tel Aviv and Washington. Secondly, the very presence of armed PRM detachments in Lebanon helped to radicalize the atmosphere there and undermine the influence of the forces on which the imperialist powers had traditionally relied in this country. Thirdly, Lebanon's geographic location offers opportunities--provided that the internal situation is under control--to exert direct and indirect pressure on Syria, on whose position the success or failure of Washington's plans in the Arab world can depend to a considerable extent.

Lebanon, however, is far from the only Middle Eastern country in which the United States has tried to start internal conflicts in order to justify its own interference in domestic affairs and secure a bridgehead on its territory. The outburst of counterrevolutionary demonstrations by the Muslim Brotherhood in Syria, which started immediately after the Syrian leadership had firmly taken a position against the U.S.-sponsored Camp David bargain, is convincing confirmation of this kind of subversive activity. The bloodshed and confusion resulting from the Muslim Brotherhood's actions are known to have been widespread in Syria and to have taken many lives.

Washington and Tel Aviv have also fed parasitically with some success on internal disagreements within the PRM. In this process, they have employed

conflicts between the different Palestinian organizations making up the PLO, which are supported by various Arab states and act in ways reflecting the policies of these states, and the serious internal difficulties existing in many of these organizations and objectively reflecting the intensification of class stratification and the growing sociopolitical differences between social forces and classes. Their aim is to splinter and weaken the Palestinian organizations putting up the most consistent opposition to American policy in the Middle East and deprive them of as much support as possible in the international arena and even in the Arab world. This is also the aim of the efforts to arouse friction between the PRM and the governments of some Arab countries.

Sometimes Washington's efforts to "cultivate" disagreements within the Palestinian movement or between the movement and various Arab countries produce tangible results. Heated discussions between Palestinian organizations inside and outside the PLO have led to armed skirmishes more than once. It is probable, however, that the greatest satisfaction in Washington was aroused by the disagreements which flared up in 1983 in Fatah (the largest politico-military organization in the Palestinian resistance movement) and led to armed conflicts between its detachments and seriously complicated the already troubled relationship between the leaders of this organization and the leaders of Libya and Syria.

The United States has also made considerable attempts to disrupt the cooperation of Arab countries on an anti-Israeli and anti-imperialist basis. People in Washington regard any aggravation of relations between regimes they describe as "radical" or between "radical" and "conservative" regimes and the exacerbation of the domestic political situation in "radical" countries as something like American political assets in the Middle East. For example, the United States has used the traditional Iraqi-Syrian conflicts as a means of pressuring Syria several times. These conflicts were aggravated when opposing currents of the Ba'ath Party were in power in the two countries. In 1979, the relatively short-lived rapprochement between Syria and Iraq was frankly described by THE WASHINGTON POST as "an unfavorable development."<sup>23</sup>

The methods the United States employs to manipulate regional conflicts and crises in the Middle East are also revealed in the development of Syrian-Jordanian relations in the last 15 years or so. The two countries were almost on the verge of armed conflict after the "Jordanian crisis" of 1970. When King Hussein of Jordan sent tanks to the Golan Heights in October 1973 to repulse the Israeli attack on Damascus, the relations between these two countries entered a new phase. Existing conflicts between them were ignored for some time. It appears that the United States played a definite role in the Jordanian-Syrian rapprochement, and it was precisely at this time that it made a vigorous effort to enlist Syria's services in the realization of its Middle Eastern plans and then remove it completely from the ranks of the anti-imperialist Arab regimes.

In these efforts, King Hussein served as one of the channels of Washington's pressure on Syria. Jordanian-Syrian contacts became especially close in 1976, after Syrian troops became directly involved in the civil war in

Lebanon, resulting in an open confrontation between Syria and the Palestinians. Amman was the first capital to openly display complete and unconditional support for the Syrian action. Analyzing the events of those days in retrospect, Lebanon's AS-SAFIR newspaper commented that, by conducting this policy, "Jordan not only promoted U.S. interests but also had its own 'large stake' in the matter when it tried to drive Syria and the Palestinian resistance movement to the point of global confrontation. It hoped that Syria would crush the PRM, as a result of which Jordan would be the only representative of the Palestinian people. This would secure another annexation of the West Bank, or of those parts from which Israeli troops might be withdrawn, by the Hashemite Kingdom."

When the plans of the United States and Jordan for Syria did not work out, the fundamental problems characteristic of the interaction of regimes with differing political orientations took the foreground again in Jordanian-Syrian relations. The perceptible aggravation of these relations began in 1970 and had become so acute by the end of 1980 that several divisions were concentrated on both sides of the border.

This abrupt reversal in Jordanian-Syrian relations--which was, incidentally, certainly not an exception to the rule in inter-Arab relations, which are distinguished in general by the rapid alternation of ups and downs in inter-governmental relations and by dramatic shifts in policy--was directly related to Washington's attempts to exert pressure on Syria, particularly through the Muslim Brotherhood, which Amman had been giving covert but active support since the middle of 1978. Jordan's support of its terrorist activity in Syria seemed even more serious to the Syrian leadership when it decided that King Hussein had simultaneously begun preparing for direct involvement--without any regard for Syria's interests--in the American diplomatic games with regard to Mideast regulation. Syria's fears became much stronger after Ronald Reagan was elected President of the United States in November 1980, because he had persistently advocated Jordan's inclusion in future talks on the Palestinian problem. All of this helped to dispel the illusion that Washington could secure a Middle Eastern settlement acceptable to Syria.

The less willing Syria was to make concessions, the more it was pressured by the United States through all possible channels, including Jordan and some other Arab countries. In particular, there was also some reliance on Iraq, whose relations with Syria had undergone perceptible aggravation again after their brief reconciliation in late 1978 and early 1979. Jordan was increasingly likely to take Iraq's side in this conflict, and this also aroused anger in Damascus. It was no coincidence that the crisis in Syrian-Jordanian relations reached its culminating point soon after the start of the Iraq-Iran war in 1980, a war in which Jordan and Syria were on different sides of the barricades. On the pretext that "Arabs must unite against non-Arabs," King Hussein expressed support for the Iraqis without delay. Damascus, on the other hand, took a pro-Iranian position from the very beginning of this new and extremely serious regional conflict in the Middle East.

The role the United States played in the start of the Iran-Iraq conflict has already been discussed in detail in our magazine.<sup>24</sup> We will repeat that this

role was extremely indicative, not only from the standpoint of a better understanding of the goals pursued by Washington in its encouragement of regional conflicts, but also in disclosing the methods used for this purpose. It is clear that the Iran-Iraq war, which has been going on for almost 6 years, has taken hundreds of thousands of lives and has caused colossal damage, long ago transcended the bounds of a local conflict strictly limited to the geographic and political boundaries of the two neighboring states. On the one hand, Washington has made vigorous use of it to deploy a large naval force in the Persian Gulf on a permanent basis, a force representing a serious threat to security in this region and far beyond its boundaries. On the other hand, it has dealt a severe blow to the fundamental interests of all Middle Eastern countries, with the exception of Israel, and to the national liberation movement in general. In particular, the front of Arab states demanding the elimination of the after-effects of Israeli aggression has been weakened even more by this conflict. The conflict was also used in the attempts to lead Israel out of isolation in the Arab world by spreading the allegation that "Israel is not the only challenge the Arabs face in the region, and possibly not even the greatest challenge," because the Islamic Republic of Iran, "under its present leadership, poses an even greater threat" to the Arabs.<sup>25</sup> And all of this has been accompanied by continuous attempts to denigrate the principled position of the Soviet Union and to portray it as something just short of the "main threat" to the Middle Eastern countries.

If there is any need for confirmation of the fact that overt or covert interference in the internal affairs of other countries and the escalation of regional conflicts and crises could have a destabilizing effect, extremely dangerous to the cause of peace, on the already complex international situation, the events in the Middle East provide more than enough. It is unlikely that anyone today would dare to dispute the need to eliminate regional conflicts capable of growing into a world war and to prevent the start of new ones.

The Soviet Union resolutely advocates the regulation of such conflicts--immediately wherever possible, and gradually wherever this is dictated by the specific conditions.

The Soviet Union's willingness to interact constructively with all states, including the United States, in the fair and just resolution of existing regional problems was underscored at the Soviet-American summit meeting in Geneva.

Joint or parallel Soviet-American steps in this direction, however, will require the United States to renounce its exaggerated view of its spheres of "vital interests" and display the willingness to consider the national interests of all countries. The difficult times in which we live require a new policy, a policy based on a realistic assessment of the causes of regional conflicts and crises in the Middle East and in other parts of the world and a search for political means of resolving them.

#### FOOTNOTES

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2. PRAVDA, 16 January 1986.
3. Ibid., 3 March 1986.
4. DEPARTMENT OF STATE BULLETIN, July 1982, p 44.
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6. See, for example, S. M. Rogov, "The Nature and Distinctive Features of the American-Israeli Alliance," SSHA: EPI, 1982, No 1; A. K. Kislov, "The United States and the Middle East in 1982," *ibid.*, 1983, No 1; S. A. Losev, "The Threat to Peace in the Middle East," *ibid.*, 1984, No 2--Editor's note.
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## TRENDS IN FIXED CAPITAL SPHERE OF U.S. ECONOMY DESCRIBED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 39-48

[Second article in series by A. I. Izyumov and R. A. Mishukova: "The Reproduction of Fixed Capital in the 1980's"]

[Text] The renewal and expansion of fixed capital are financed by new investments. Their volume, dynamics and structure predetermine the nature and speed of fixed capital reproduction. As the physical agent of the latest achievements of scientific and technical progress, investments represent an extremely important means of changing the structure of national production.

In 1984 gross capital investments in the United States totaled 311.3 billion dollars (in 1972 prices)--that is, more than the combined figures for the United States' two main rivals, Japan and the FRG.<sup>1</sup> Investments, just as fixed capital, are divided into two parts. One part is used directly in production and the other is used for the expansion and renewal of fixed residential capital. In the 1960's and 1970's production investments accounted for around 70 percent of all private capital investments in the United States. In the 1980-1984 period the figure rose to 76-78 percent, and the figure for investments in residential construction declined accordingly from 30 to 22-24 percent (Table 1). This change in the early 1980's was the result of the accelerated renewal of fixed capital in American industry and the prolonged crisis in residential construction, connected primarily with the sharp rise in mortgage interest rates. In view of the fact that capital investments in residential construction, despite all of their importance, have only an indirect or mediated effect on the structure of production, this article will concentrate on the analysis of production investments.

### Investment Dynamics and Factors

The main features of the investment process during any specific period are the result of the interaction of a group of short- and long-term factors. The short-term ones include the dynamics of total demand and changes in the load of production capacities, the financial status of corporations and interest rates. These factors are related to different phases of the economic cycle and primarily influence investment dynamics.

Table 1

## Capital Investments in the U.S. Economy

<u>Categories</u>	<u>1960</u>	<u>1970</u>	<u>1973</u>	<u>1975</u>	<u>1977</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Gross capital investments, total, in billions of dollars*	134.5	202.4	247.2	207.2	241.1	275.5	254.3	262.6	248.5	268.6	311.3
Private investments	101.2	154.8	200.4	161.5	200.9	229.1	212.9	219.6	204.7	224.6	265.5
Private production investments	66.9	113.8	138.1	119.3	140.3	169.9	165.8	175.0	166.9	171.0	205.2
Buildings and installations	29.5	43.9	47.4	38.3	40.4	49.1	48.8	53.5	53.3	49.2	56.9
Equipment	37.4	69.9	90.7	81.1	99.9	120.8	117.0	121.8	113.5	121.8	148.3
Housing	34.2	41.0	62.3	42.2	60.7	59.1	47.1	44.5	37.9	53.7	60.3
Government investments	33.3	47.6	46.8	45.7	40.2	46.4	41.4	43.0	43.8	44.0	45.8
Percentage of government investments in gross capital investments	24.8	23.5	18.9	22.0	16.7	16.8	16.3	16.4	17.6	16.4	14.7

\* In 1972 prices.

Calculated according to data in "Survey of Current Business" for the corresponding years; "Economic Report of the President 1985," p 234.

The most important long-term factors of investment policy are scientific and technical progress, the dynamics of prices and wages, government tax depreciation policy and international competition. These factors are primarily of a non-cyclical nature and influence the dynamics and structure (sectorial, reproductive and technological) of investments.

In the last decade and a half, the formation of fixed capital in the United States has been influenced by the rapidly rising prices of equipment and capital construction and the "soaring" prices of energy resources, the intensification of foreign competition in the world market and within the United States and the increasing severity of cyclical economic crises.

The effects of these factors slowed down the growth of investments in the economy. Whereas gross capital investments increased 1.5-fold in the United States between 1960 and 1970, they increased by only around one-fourth between 1970 and 1980. Investment volume displayed an absolute decrease three times in the 1970's, and the decline was 16.2 percent during the crisis of 1973-1975 (Table 1). Investments also decreased during the crisis of 1980-1982, constituting 90 percent of the 1979 figure in 1982, and not surpassing this figure until 1984.

The major cause of the slower growth of private investments in the 1970's and 1980's was the protracted relative decline of the financial status of American corporations. During this period there was virtually no increase in real (that is, adjusted for inflation) corporate profits, and this lowered the average profit margin on investments. For example, whereas the profit margin of non-financial corporations in the United States was 22.1 percent in 1965, it had dropped to 12.1 percent in 1979 and to 9.5 percent in 1982.

There was a particularly sharp decline in total American corporate profits during the cyclical crisis of 1980-1982. In 1980 the profits of non-financial corporations (after taxes) displayed a real decline of 12.7 percent. The decline was even greater in 1982--26.5 percent.<sup>2</sup> This was the year of the lowest postwar American corporate profit margin.

In combination with other factors, the protracted decline of the profit margin led to a sharp decline in average annual rates of increase in private investments: They fell from 5.7 percent in 1969-1973 to 2.3 percent in 1973-1979 and 0.9 percent in 1979-1983 (calculated according to data in Table 1).

In 1983 the financial status of American corporations began to improve in connection with the American economy's move from crisis to recovery. Net corporate profits displayed a real increase of 37 percent in 1983 and another increase of 22 percent in 1984.<sup>3</sup> The percentage of undistributed profits designated for accumulation in net profits rose dramatically. Whereas it was 37 percent on the average in 1980-1982, it was already 51 percent in 1983 and 59 percent in 1984.

The Reagan Administration's 1981 tax reform played an important role in the augmentation of corporate financial resources. The reduction of the official depreciation terms of fixed capital led to the considerable growth of

non-taxable depreciation deductions. In combination with the growth of undistributed profits, this is expanding the basis for self-financed investments. Besides this, the investment tax credits also increased the amount of financial resources for capital investments. During the first two quarters of 1985 the level of the self-financed investments of non-financial U.S. corporations exceeded 90 percent, in comparison to 75 percent in 1984, 63 percent in 1981 and 55 percent in 1979.<sup>4</sup> According to Chase Econometric experts, up to the end of the current decade the internal resources of corporations will be sufficient in general for the financing of investments in fixed capital,<sup>5</sup> because the prerequisites for a long-term rise in the American corporate profit margin now exist. These prerequisites include the acceleration of scientific and technical progress, leading to the introduction of new highly efficient equipment; the assault on the standard of living of the laboring public and the slower rise of raw material and energy prices; the decrease in expenditures on compliance with conservation and other such standards. All of this will allow corporations to considerably reduce the labor and material costs of production. The stabilization of the prices of the basic means of production in 1982 was an important factor in the stimulation of capital investments. Whereas construction prices rose 160 percent and machine and equipment prices rose 90 percent in the United States between 1972 and 1981, they have remained almost constant between 1982 and 1985.<sup>6</sup>

The growth-engendered cyclical stimuli for an increase in total investments will be largely neutralized in the 1980's by high interest rates, which began their sharp rise in 1979, when the Federal Reserve System began to restrict credit. Despite a slight decline in 1982-1984, the absolute level of interest rates is still quite high, particularly in real terms. The average real interest rate (adjusted for inflation) ranged from 4 to 6 percent in the first half of the 1980's, whereas it was only 1 percent on the average throughout the 1970's. According to the majority of forecasts, no substantial drop in interest rates is anticipated in the second half of the 1980's. On the contrary, the maintenance of the current level of federal budget deficits (around 200 billion dollars a year) and the expansion of corporate investment activity could lead, even this year, to a conflict between the demand for loan capital on the part of the government and private investors--a situation known as the "credit pinch"--and, consequently, to a new rise in interest rates.

The reduced opportunities for the financing of investments through the loan capital market have been compensated for to some degree by an increase in stock financing and direct capital investments from abroad. As a result of a significant rise in the value of stocks in 1983-1984, companies are now using them more extensively to finance investment projects. In 1983, for example, new shares worth more than 51 billion dollars were issued--this was a postwar record in nominal and real terms.<sup>7</sup> In the 1980's the volume of foreign investments in the United States also grew, with their cumulative value increasing from 54.5 billion dollars at the beginning of 1980 to 159.6 billion at the beginning of 1985.<sup>8</sup> In 1983 and 1984 the flow of capital from abroad (including portfolio investments) was equivalent to almost 40 percent of the overall increase in private capital investments in the American economy.<sup>9</sup>

The combination of the flow of foreign capital with the rising profit margin, the declining cost of capital equipment and the influence of liberal tax legislation created prerequisites for the rapid growth of investments. A so-called investment boom began in the United States in early 1983, comparable in scale to the boom of the first half of the 1960's. In 1984, for example, investments in fixed production capital rose 20 percent in constant prices.<sup>10</sup>

Many American experts consider the prospects for the investment process in the United States in the next few years to be quite favorable. In particular, government experts predicted an increase of 10.8 percent in investments in 1985 and 6 percent in 1986-1989 (in real terms).<sup>11</sup>

These predictions, however, seem too optimistic. Several of the negative factors listed above, including the possibility of continued high federal budget deficits and, consequently, high real interest rates, will impede the rapid growth of investments. By 1985 the investment process in the United States had already slowed down perceptibly, and in 1986, according to a McGraw-Hill forecast, the investment expenditures of companies are expected to decrease by 2 percent.<sup>12</sup> Activity in this sphere could also be impeded by new tax legislation, which has been a subject of congressional discussion since 1984. In particular, the administration's bill proposes the cancellation of the investment tax credit and much longer depreciation terms for elements of fixed capital (from 3-18 years to 5-63 years). If this kind of law should be passed, the taxes of corporations will immediately increase by 20-25 percent. The higher taxes, according to a Data Resources estimate, will decrease total private investments by 6 percent during the first 3 years the new legislation is in effect.<sup>13</sup>

### Sectorial Structure

The main tendencies toward the reorganization of the sectorial structure of capital investments, which became apparent in the middle of the 1970's and were connected with the overall structural reorganization of the American economy, have continued to influence investments in the 1980's. One important feature has been the steady (except for cyclical fluctuations) increase in the processing industry's share of total private production investments. Between 1973 and 1979 the figure rose from 30.8 to 36.5 percent, and in 1984 it was 37.8 percent.<sup>14</sup> The quicker growth of capital investments in the processing industry is a phenomenon peculiar to the 1970's and 1980's. In the two precious decades (with the exception of a brief period in 1964 and 1965), the opposite was true: The average annual rate of increase in capital investments in the processing industry between 1948 and 1972 was only half as high as in other sectors of the economy (2.4 percent and 4.8 percent respectively).<sup>15</sup> At the beginning of the 1970's the investment growth rate in the processing industry rose sharply and was 6.9 percent in 1972-1981, as compared to 1.9 percent in other sectors.<sup>16</sup>

Capital investments in sectors other than the processing industry displayed extremely uneven growth in the 1970's and 1980's. For example, the extractive industry's share of total investments rose from 2.4 percent in 1973 to

4.7 percent in 1977, but had dropped to 4 percent by 1984. Transportation's share decreased steadily, from 5.4 percent in 1973 to 3.3 percent in 1984. The share of public utilities decreased from 13.1 percent in 1973 to 12.6 percent in 1979 and then rose to 13.3 percent in 1984. The combined share of trade and services decreased during this period (from 33.1 percent in 1973 to 29.3 percent in 1979 and 28.4 percent in 1984), but this decrease concealed the rapid growth of investments in public services in connection with the widespread incorporation of computers in this sphere. Between 1975 and 1982 total capital investments in new equipment and technology in the service sphere increased 1.5-fold (from 31 billion dollars to 47 billion, in constant 1982 prices). Since the number of those employed in this sphere increased only 1.25-fold during this period, the rate of investments per worker doubled and represented 816 dollars per person, as compared to 415 dollars in 1975. According to estimates, the indicator was 1,017 dollars in 1985.<sup>17</sup>

Whereas the clearest tendency of the 1980's on the level of large sectors of the economy is the processing industry's increased share of total investments, within the processing industry itself there are three groups of branches with widely diverging levels of investment activity. The leading group includes such branches as general machine building, instrument building and the electrical equipment, radioelectronics and aerospace industries. In all of these branches total investments in 1980-1982 (that is, in the crisis years) and in 1983-1984 were much higher than in 1977-1979. The second group consists of branches with an investment growth rate equivalent to the average for the processing industry (16.5 percent) or slightly below the average (the chemical, pulp and paper and petroleum refining industries). Finally, the third group consists of branches in which investments decreased during these periods, and quite substantially in some. In nonferrous metallurgy investments increased by 14.2 percent in 1980-1982. This was followed by slower growth. In such branches as ferrous metallurgy, the automotive industry, construction materials and plastic production and the rubber, food and textile industries, the absolute figure was below the 1977-1979 level even in 1982-1984. Due to the higher investment growth rate, the share of the five leading branches in total investments in the processing industry rose from 23 to 31 percent, the share of the second group remained the same (36 percent), and the share of the six remaining branches fell from 27 to 22 percent.

This stratification of the investment process in industry into three currents is only connected to a slight extent with the cyclical crisis of 1980-1982. It is primarily a result of the structural reorganization of the American economy and its adaptation to the new conditions of economic development in the 1980's. It is no coincidence that the branches of industry in which investments increased at the slowest rate or decreased in 1980-1982 are the main "victims" of the structural crises of the 1970's and 1980's. These branches suffered most from the rising prices of raw materials and energy and from the stronger foreign competition. As a result, they had the lowest profit margins, the most underloaded production capacities and the worst conditions for production growth and investment expansion. The cyclical crisis of 1980-1982 only made their lag behind other branches more pronounced.

The slower growth of capital investments did not, however, attest to the deceleration of fixed capital renewal in all of the "lagging" branches. For example, although automobile companies suffered considerable losses during the crisis, they nevertheless continued the energetic retooling of their enterprises. According to forecasts, the most significant changes since the introduction of the conveyor belt can be anticipated in the automotive industry in the 1980's. Investments in equipment and technology for the production of new vehicle models have been estimated by the Congressional Budget Office at 40 billion dollars in 1985-1995 (in 1980 prices).<sup>18</sup>

The best prospects for investment growth exist, however, in the five leading branches listed above--general machine building, instrument building and the electrical equipment, radioelectronic and aerospace industries. Most of the products of the first four branches belong to the first subdivision of national production and represent means of labor, and it is therefore obvious that the quicker growth of investments in these branches is connected with the development of the process of fixed capital renewal throughout the economy. It is indicative that in 1980-1982, when investments in the entire national economy declined, they increased in general machine building, and, what is more, displayed the highest growth rate since the beginning of the 1960's. As for the aerospace industry, the growth of investments here is virtually completely due to the increase in government military contracts in connection with the Reagan Administration's militaristic programs.

Therefore, the need to retool production units throughout the economy and the increased government demand for military products were the main reasons for the quicker growth of investments in the U.S. machine-building complex in the 1980's.

Within this complex, investments are increasing most rapidly in the sub-branches producing high technology items--electronic components, computers and the latest communication equipment. For example, capital investments in the production of electronic components more than quadrupled between 1971 and 1981. The average rate of increase in investments in these 10 years was 15 percent in this subbranch, and its share of capital investments in the processing industry rose from 1.4 to 3.7 percent. The significant rise in investment, consumer and military demand for computers was the reason for the exceptionally high annual rates of increase in capital investments in computer production--18 percent on the average throughout the 1970's and the early 1980's.

Investment activity was much livelier in the production of telecommunications equipment in the 1970's and 1980's. Between 1972 and 1982, investments in this branch increased by an average of 8 percent a year, and the rate rose to 11.1 percent for 2 years (1982 and 1983).

#### Technological Structure

Until the end of the 1970's the prevailing tendency in the changing technological structure of U.S. investments was the higher percentage of investments in active elements of fixed capital--machines and equipment. The figure rose

from 62 to almost 70 percent between the 1966-1973 period and the 1974-1979 period (Table 2). The main reason was that most of the pre-war industrial buildings and installations had been renovated in the 1950's and early 1960's. Since the service life of passive elements of fixed capital is quite long (15-20 years or more), American corporations did not experience the need for extensive industrial construction in the 1970's. The quicker growth of investments in machines and equipment was also connected with the general tendency toward the technical improvement of fixed capital, leading to maximum economization on passive elements.<sup>19</sup>

In addition, the technological structure of U.S. investments was influenced by price and tax factors. The prices of industrial construction rose much more quickly than the prices of capital equipment in the 1970's. At the same time, the official depreciation terms of buildings and installations are much longer than those of machines. Under the conditions of inflation, this made investments in long-term assets relatively less profitable. The result was the much slower growth of investments in buildings and installations in comparison to investments in equipment. Whereas the average annual rate of increase in investments between 1947 and 1980 was 3.2 percent for buildings and installations and 4.2 percent for equipment, the respective figures between 1972 and 1980 were 0.9 and 5.1 percent.<sup>20</sup> In other words, the rate of increase in investments in short-term elements of fixed capital in the 1970's was 5.6 times as high as the rate for long-term elements, but it was only 1.3 times as high during the entire postwar period.

In the late 1970's and early 1980's the opposite tendency was observed in the technological structure of U.S. production investments. In 1978 the percentage of investments in active elements of fixed capital reached its postwar maximum (72 percent) and began to decline gradually, falling to 68 percent in 1982.<sup>21</sup> The rate of increase in investments in the construction of buildings and installations, on the other hand, rose. It was 9.5 percent in 1977-1979, and even during the crisis period of 1980-1982 real investments in buildings and installations continued to increase, instead of decreasing, but at a slower rate. During the economic upswing of 1983-1985, however, the tendency toward the quicker growth of investments in machines and equipment was restored. During the first six quarters of the upswing, there was an increase of 33.2 percent in these investments, whereas investments in buildings and installations increased by only 9.6 percent.<sup>22</sup>

In addition to the dynamics of the overall relationship between active and passive elements, the distribution of investments within these groups is of interest. As Table 2 indicates, in the category of "machines and equipment" the most rapid growth in the 1970's and 1980's was in expenditures on high technology equipment (computers of all types, monitoring and testing equipment, communication equipment, etc.). Their share of total investments in active elements of fixed capital rose from 20 percent in 1966-1973 to 45 percent in 1980-1982. At the same time, the share of equipment for heavy industry fell from 30 to 20 percent. Proportional expenditures on transport vehicles and construction equipment decreased even more. This change was primarily connected with technical progress, with the transition in American industry to better technology, based on the extensive use of microprocessors.

Structural changes in the economy also played an important role--the accelerated growth of services and information processing and transmission branches.

Table 2

Technological Structure of Private Capital Investments, %

<u>Categories</u>	<u>1966-73</u>	<u>1974-79</u>	<u>1980-82</u>
Total capital investments	100.0	100.0	100.0
Investments in machines and equipment, total	61.9	69.8	69.7
Communication equipment and high technology machines and equipment	12.4	19.2	28.5
Machines and equipment for heavy industry	18.1	17.2	15.1
Transportation equipment	17.0	18.1	13.7
Construction and agricultural equipment	6.6	7.0	4.4
Other machines and equipment	7.8	8.3	8.0
Investments in industrial construction, total	38.1	30.2	30.3
Commercial buildings	10.0	7.8	9.1
Public utilities	9.9	8.7	7.0
Mines and oil wells	2.7	3.2	4.5
Plant facilities	6.7	4.4	4.3
Office facilities	6.4	3.6	3.5
Agricultural structures	1.6	2.0	1.4
Other installations	0.8	0.5	0.5

FEDERAL RESERVE BULLETIN, 1983, No 1, p 7.

In turn, the lower expenditures on equipment for heavy industry were due to declining growth rates and production cuts in a number of traditional capital-intensive branches, especially the automobile and steel industries. The decline of expenditures on heavy equipment with high material and energy requirements was certainly accelerated by the energy and raw material crises of the 1970's.

The energy crisis also had a significant effect on the distribution of investments in construction. On the one hand, the rising cost of oil and petroleum products reduced proportional investments in the construction of public utilities, especially power plants. On the other hand, investments in oil production and refining began to rise more quickly. In 1982 they represented 16 percent of all private investments in industrial buildings and installations--that is, almost 2.5 times as great as the 1972 figure. A significant feature in other construction investment categories was the rapidly rising percentage of investments in office buildings and the slight decline in the figure for other commercial buildings (movie theaters, shopping centers, sports auditoriums, etc.), largely due to the slower growth of the U.S.

population in the 1970's and 1980's. Proportional investments in industrial installations have not undergone any significant change in recent years, steadily representing 25 percent of all investments in passive elements of fixed capital.

### Reproductive Structure

The most important feature of the changing reproductive structure of U.S. investments in the 1980's was the dramatic decline of the ratio of net to gross investments.<sup>23</sup> This tendency was first observed in the United States in the middle of the 1960's and has been particularly strong since the end of the 1970's. For example, whereas net investments represented 40 percent of gross investments in 1965, the figure was 36 percent in 1973 and 31 percent in 1979, and then fell to 26 percent in 1981 and 13 percent in 1983.<sup>24</sup>

The declining percentage of net investments in the 1980's reflects two interrelated factors--longer depreciation terms and the slower flow of new investments. The reasons for the second factor were discussed above. As for accelerated depreciation, it was connected primarily with the increase in total fixed capital, its aging, and the higher percentage of active elements, which have a shorter service life and, consequently, a higher annual depreciation and withdrawal margin.

Table 3

Gross and Net Production Accumulation Norms*									
Norms	1966-70	1971-75	1976-80	1980	1981	1982	1983	1984	1985**
Gross	10.6	10.4	11.2	11.7	11.9	11.3	10.7	11.7	12.0
Net	4.0	3.1	2.9	2.9	3.0	2.0	1.5	3.6	--

\* Excluding residential and government investments.

\*\* For the first two quarters. Calculated in current prices according to data in "Economic Report of the President 1985," pp 232, 250; BUSINESS CONDITIONS DIGEST, 1985, No 7, p 85.

The rapid wear and obsolescence of the active portion of fixed capital led in the 1980's to an unprecedented decline in net investments in machines and equipment. Their relationship to gross investments fell from 29 to 4 percent between 1979 and 1983. In other words, virtually the entire increase in this category of capital investments was used for the repair, remodeling and modernization of existing facilities. For the sake of comparison, the relationship of net to gross investments in industrial construction fell during the same period from 34 to 28 percent--a much slighter decline.

The abovementioned change in the reproductive structure of investments was a result of the accelerated wear and obsolescence of fixed capital and led to the dramatic divergence of gross and net accumulation norms.

These indicators represent the ratios of gross and net investments to the GNP. Although the growth rate of gross production investments in the United States in the 1970's and 1980's was lower than in the previous decade, it was still higher than the GNP growth rate. As a result, the gross accumulation norm rose constantly and reached its absolute postwar maximum in 1985--12 percent (Table 3). The net accumulation norm, excluding investments to compensate for the wear of fixed capital, displayed the opposite tendency, declining from 3.1 percent in 1971-1975 to 2.9 percent in 1976-1980 and 1.5 percent in 1983. It was not until 1984 that it rose.

The declining net accumulation norm in the 1970's and 1980's caused the United States to lag behind its main competitors considerably in terms of this indicator. The net production accumulation norm in the United States between 1971 and 1980 was around one-third as high as in Japan and one-half as high as in the FRG. The gross accumulation norms in these two countries were not that much higher than in the United States--1.8 and 1.2 times as high respectively.<sup>25</sup>

In the second half of the 1980's and in the 1990's, a further rise in the gross accumulation norm and the relative stabilization of the net accumulation norm are anticipated in the United States as a result of the accelerated investment process and the withdrawal of most of the obsolete means of labor during the current decade. In particular, government experts feel that the gross production accumulation norm will rise to 14.2 percent in the United States by 1990.<sup>26</sup>

Fixed capital in the U.S. economy has undergone serious changes in the 1980's. Above all, the process of its reproduction has been more intense. This has been reflected in the increased scales of withdrawal and renewal and in the higher (than in the 1970's) overall rate of investment and the corresponding rise of the accumulation norm.

In addition to the acceleration of scientific and technical progress, cyclical factors (the emergence from the crisis of 1980-1982), lower rates of inflation, the declining prices of energy and raw materials and the improvement of the financial status of corporations have influenced the speed and effectiveness of accumulations in the United States in the 1980's.

The economic policy of the Reagan Administration has had a profoundly contradictory effect on fixed capital reproduction. On the one hand, its radical depreciation tax reform and relaxed regulation of business activity have made private capital investments more profitable and have thereby helped to speed up the investment process. On the other hand, the escalation of militaristic programs is diverting funds from civilian industries to military production, and the growth of the budget deficit is raising the cost of credit and thereby complicating investment. As a result of this policy, fixed capital reproduction in the United States in the 1980's has been distorted in many respects, and this will certainly affect the economic development of the country in the future.

# FOOTNOTES

1. "Economic Report of the President 1985," Wash., 1985, p 234. The investments referred to here and hereafter will signify only investments in fixed capital unless otherwise stipulated.
2. Calculated according to data in "Economic Report of the President 1984," Wash., 1984, pp 224, 234.
3. "Economic Report of the President 1985," p 236.
4. Ibid., p 333; ECONOMIC INDICATORS, September 1985, p 29.
5. "Chase Econometric 1983 Long-Term Review," N.Y., 1983, p 12.
6. Calculated according to data in "Economic Report of the President 1985," pp 232, 234; BUSINESS CONDITIONS DIGEST, 1985, No 7, p 86.
7. "Economic Report of the President 1985," p 335.
8. SURVEY OF CURRENT BUSINESS, August 1985, p 47.
9. "Economic Report of the President 1985," p 101.
10. Ibid., p 234.
11. "U.S. Industrial Outlook 1985," Wash., 1985, p 7.
12. BUSINESS CONDITIONS DIGEST, July 1985, p 81; "McGraw-Hill Annual Survey 1984-86," N.Y., 1984, p 2.
13. USA TODAY, 18 January 1985.
14. These and subsequent calculations are based on data in "Economic Report of the President 1985," p 275.
15. SURVEY OF CURRENT BUSINESS, September 1981, p 27.
16. Ibid.
17. BUSINESS WEEK, 5 September 1983, p 10.
18. "U.S. Industrial Outlook 1984," pp 31-36.
19. For more detail, see "Sovremennyy kapitalizm: nakopleniye i proizvoditelnost truda" [Present-Day Capitalism: Accumulation and Labor Productivity], Moscow, 1984, pp 32-50.
20. SURVEY OF CURRENT BUSINESS, September 1981, p 29.
21. Calculated according to data in "Economic Report of the President 1985," p 234.

22. "U.S. Industrial Outlook 1985," p 20.
23. Annual net investments are equivalent to gross investments minus depreciation.
24. This reference and subsequent ones refer to production investments. Calculated according to data in "Economic Report of the President 1984," pp 220, 238.
25. "Economic Report of the President 1984," p 81.
26. "U.S. Industrial Outlook 1985," p 8.

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## JAPANESE PARTICIPATION IN SDI DISCUSSED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 60-65

[Article by R. Sh.-A. Aliyev: "The SDI: Japan's Position"]

[Text] The involvement of Japan in the "Star Wars" program is a matter of special concern to Washington. In the view of the SDI's champions, this is quite logical in view of the scientific and technical potential of this country, which is superior to West European and even American potential in many respects. People in Washington are also aware of the fact that the way was paved for a positive response by Tokyo to the proposal of participation in the space round of the arms race by preceding events.

At the beginning of the 1980's, Japan stayed in step with Washington's foreign policy reversals and supported the U.S. policy of confrontation in international affairs. This policy, which was termed "the comprehensive guarantee of national security," presupposes the abandonment of the previous "wait and see" attitude and a move toward active support for Washington based on the unification of the three centers of imperialism (the United States, Western Europe and Japan).

This foreign policy line was embodied most completely in the actions of Y. Nakasone's government. In his very first speeches after his inauguration (November 1982), he completely supported Washington's strategy and expressed a willingness to give it military and military-technical assistance, because this strategy "meets the interests of Japanese territorial defense." Furthermore, Nakasone said when he was in Williamsburg, if the United States represents the "attacking spear" of the Western alliance, then Japan should perform the functions of a "defensive shield." At the London conference of the "Big Seven" (in June 1984), the Japanese prime minister continued to play up to Reagan and was the most energetic supporter of the principle of "reliance on strength" in East-West relations. Nakasone's pro-American position was reaffirmed by the reaction to the proposal of technical cooperation in the SDI program.

It was first voiced at a joint meeting of the ruling Liberal Democratic Party and the government in January 1985. Nakasone then remarked: "There has been criticism that this initiative (the SDI--R. A.) will lead to war in space,

but in reality the opposite is true." After this statement, no one was surprised by the position the Japanese prime minister took on the SDI during the conference of the heads of government of the "Big Seven" in Bonn (in May 1985). Besides FRG Chancellor H. Kohl and English Prime Minister M. Thatcher, only Nakasone expressed an "understanding" of the American President's initiative. Assessing the Japanese prime minister's position, TOKYO SHIMBUN commented on 6 May 1985: "His efforts were so great that Nakasone appeared to be one of Washington's 'contractors.'"

Even before the Bonn conference, the Japanese Government had received an official invitation to participate in SDI projects from U.S. Secretary of Defense C. Weinberger. A group was formed in Tokyo to consider this proposal, the members of which included representatives from the Japan Defense Agency (JDA), Ministry of Foreign Affairs, Science and Technology Agency and other official bodies. A group of experts from the Pentagon visited Japan in April 1985 as guests of the government and held a number of instructive conferences with the Japanese side on the technical aspects of the "Star Wars" program, focusing attention on the advantages of participation in the creation of space attack weapons.

Nevertheless, the official Tokyo stance is that no final decision has been made on the SDI. Furthermore, the same Nakasone said in his speech in the United Nations (on 23 October 1985) that one of the most important objectives in the maintenance of peace on earth is "the prevention of an arms race in space." It is also interesting that after England had consented to participate in the SDI, Japanese Minister of Foreign Affairs S. Abe repeated that "the time has not come for a government decision yet."

Of course, these remarks reflect the influence of Japanese opposition forces objecting to their country's involvement in the "Star Wars" program. It should also be borne in mind, however, that Japanese foreign policy since World War II has always been influenced, and quite strongly, by Japanese monopolies, whose role in all links of the foreign policymaking process is much more important than the role of state-monopolist capitalism in any other country, including the United States. Even if Tokyo officially refuses to participate in the SDI, this will not signify Japan's "non-participation" in the program. It was no coincidence that the Japanese Ministry of Foreign Affairs hastened to announce that "the absence of a definite government decision on the SDI will not preclude participation in this research by private companies."

The experience of trade and economic relations between the United States and Japan has demonstrated the importance of the role of Japanese monopolies in the foreign policy decisionmaking process, including its military aspects. In view of the fact that the lion's share of military R & D is conducted by private companies, the Pentagon could be quite content with official Tokyo's "passive" position. This is why the involvement of Japan in this program is being negotiated first with representatives of monopolies.

On 27 and 28 May 1985--that is, after the Bonn conference--a bilateral American-Japanese "consultation" was held in Tokyo, during which the

transmission of modern Japanese technology to the United States was discussed. The items in question were laser and optical devices, super-high frequency equipment, liquid crystal display equipment, light guides and other items capable of considerably enhancing the effectiveness of modern weapons intended for basing in outer space. Talks with more "tangible" results were held in Washington at the beginning of October 1985 between a Japanese delegation and high-level officials from the U.S. Defense Department. The two sides reached an agreement on the transmission of the newest guidance systems for antiaircraft missiles to the Pentagon and compiled a list of advanced technological achievements Japan intends to employ in its work on the SDI.

The Japanese business community's willingness to participate in the "Star Wars" program stems from the fact that, despite the intensification of the militarization process in Japan, its scales are too small for the big Japanese monopolies capable of producing much larger quantities of military products. Businessmen see definite possibilities for the expansion of this kind of production in the export of weapons, which would lower their overhead costs and increase their profits by increasing series-production volume. The fact is, however, that an arms export ban is still in effect in Japan. It was first included in the export control regulations approved back in 1949. Later, in 1967, Prime Minister E. Sato announced his three principles of arms export renunciation in the parliament. In accordance with these, Japan refused "to export weapons to socialist countries; to states where the export of weapons is prohibited by UN resolutions; to countries that are involved or might be involved in international conflicts." In 1976 the Miki government supplemented these original conditions with a pledge to limit the export of weapons to states not mentioned in Sato's three principles and announced the intention to observe caution in the export of equipment and technology connected with arms production.

Although these prohibitions left many loopholes which have been employed by Japanese businessmen, the current scales of export are certainly meager as far as the Japanese military industry is concerned. At the beginning of the 1980's, the owners of the largest companies and the executives of influential economic organizations made more insistent demands than before on the cabinet. In particular, K. Morikawa, the secretary general of the Defense Industry Committee of Japan's most influential economic organization, Keidanren, insisted that "Japan should be free to engage in technical exchange and cooperation in the military sphere with all countries so that its defense can be developed in earnest."

As JDA officials admitted, "technical exchange in military spheres has long been conducted de facto" with at least one country, the United States. And it is true that these countries began joint research projects in 15 fields related to military equipment as early as 1956. These well-known facts were officially corroborated by the government's intention not to enforce the ban on arms exports to the United States and to allow the delivery of the latest technology for military development projects. By the end of July 1982, the Ministry of International Trade and Industry (MITI), in charge of arms export control, officially authorized the export of the impermeable ferrite paint the Pentagon had ordered for the Stealth bomber.

To put an end to all discussions of the ban on exports of weapons and military technology, the government--or, more precisely, the Ministry of Foreign Affairs, the JDA and the MITI--worked out a "new basic concept." In essence, it stipulated that, first of all, national security and the Japanese-American Security Treaty had priority over the three principles prohibiting arms exports; secondly, the export of weapons and military technology is envisaged in the 12th article of the American-Japanese agreement on the status of the American Armed Forces in Japan and the 3d article of the Security Treaty, in which cooperation and interaction are discussed. Finally, Prime Minister Y. Nakasone himself declared in the parliament: "Since the mutual exchange of technology in the sphere of defense with the United States has become extremely important in securing the effectiveness of the American-Japanese Security Treaty, the government recently decided to transfer military technology to the United States...and decided that the three principles regarding arms exports would not apply to this kind of transfer."

The change in Japan's position on this matter was recorded in agreements. In January 1983 Y. Nakasone consented to the transmission of military technology to the United States during talks with R. Reagan, and on 8 November 1983 an agreement was reached on the matter. It is true that the Japanese business community insisted on the addition of a significant stipulation: The government will have to consent to technology transfers in each specific case. This stipulation gives Japanese businessmen a chance to "slow down" the transmission of technology if they should find this necessary for some reason. It is still difficult to predict the benefits or losses Japanese industry will incur as a result of this agreement. It is already clear, however, that the incorporation of Japanese scientific and technical achievements in the U.S. military industry will limit their use in civilian industries because they will then be covered by the American-Japanese Security Treaty's laws on military secrets.

Japanese monopolies have a few other motives to participate in military-technological exchange with the United States. The expanded production of conventional weapons with the prospect of their export to third countries, on the one hand, would be opposed by exporters of military equipment in the United States, France and England and, on the other, could complicate the position of Japanese companies in the developing countries. They want to have "good relations" with all countries in this zone. Participation in the SDI program, on the other hand, would not affect the trade and economic interests of Japanese business because it is geared to confrontation between the East and the West--that is, the area of policy in which the monopolies have relatively little economic interest. Finally, the Japanese monopolies hope to gain certain privileges from the United States in the acquisition of scientific and technical innovations in exchange for their services. For example, Washington once prohibited the sale of the best models of American technical equipment to Japan. To some extent, this is still the case. At the end of 1981, for example, the U.S. Congress introduced an amendment to the 1982 bill on military appropriations, prohibiting the transmission of howitzer production specifications to Japan. However, in view of Japan's lead in the production of high density microcircuits with random access ("64-K"), in the creation of high-impact metals and in a number of other

achievements which could make many types of military equipment cheaper and more reliable, U.S. Government and Pentagon officials are beginning to relax the terms of the transmission of the latest licenses to Japanese companies. Mitsubishi Jukogyo was the first foreign company to be authorized to produce the Honeywell company's new homing torpedo; the control mechanism will be provided by Nippon Denki. The secret torpedo guidance equipment, however, will nevertheless be imported from the United States in hermetically sealed containers, in what are known as "black boxes."

Japan's inclusion in U.S. military programs through close military-technical cooperation with American companies will become an important means of expanding military production. V. I. Lenin once said that "internationally interwoven capital will do remarkable business in weapons and wars."\* Although the scales of U.S.-Japanese military-industrial contacts are not as great as those of U.S. contacts with, for instance, the West European countries, a tendency toward growth has been observed and its development will be secured by a new round of the arms race.

The 1983 American-Japanese agreement on military equipment deliveries and the announcement of the "Star Wars" program stimulated the development of aerospace branches. The budget of the Japan Space Research Agency increased dramatically in connection with this. It was 540 million dollars in 1984. Although this figure is much smaller than the American NASA budget (7.2 billion dollars), the first step, as they say, is the hardest. Plans have already been made to spend 4 billion dollars on space projects, most of which are connected with American programs in this field. Japanese companies are particularly interested in the American space station project. This would be something like a laboratory with a crew of eight at an altitude of 300 kilometers. The cost of the project will be 8 billion dollars. Eight large Japanese companies have expressed an interest in participating in the project and plan to spend a billion dollars on it.

An extremely important item on the agenda is the program for the creation of the Free Flyer system. The decision to develop this system was made by the MITI in October 1985. Research on the projected system will begin in fiscal year 1986, and the first experiments are scheduled for 1992. The Free Flyer program envisages the use of a 1- or 2-ton unmanned satellite with automated testing equipment on board. It is to be put in orbit by the American space shuttle.

Kyoseru (Kyoto Seramiku), the leader in the production of industrial ceramics, which actually controls 70 percent of the American market, is participating in the military-technical cooperation with the United States. In particular, its products are used in the integral circuits of the space shuttle and the sea-based cruise missiles. Since 1983 an American branch of the Japanese Hitachi Kinzoku corporation has been supplying the secret U.S. laboratories in Los Alamos with specially designed magnetic units representing the main component of the particle beam weapon.

\* V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], vol 26, p 232.

The military-technical cooperation between American and Japanese companies takes various forms: from the exchange of technology in military spheres (for example, the 1982 contract signed by Martin-Marietta and Nissan Jidosha) to the establishment of joint enterprises. For example, Nippon Kokan signed an agreement with Martin-Marietta on the establishment of an enterprise in California for the production of aluminum and titanium alloys and other high-impact materials used in the aircraft industry, rocket engineering and nuclear power engineering.

The attention of the United States is now focused on Japanese projects in computer equipment and optical electronics, which are supposed to become the "nervous system" of the network of combat satellites and ground installations of the so-called U.S. antimissile defense with space-based elements.

What conclusions can be drawn from this? It is obvious that Japan's participation in the SDI will please the initiators of this program in the United States. It is possible that some Japanese monopolies will even benefit from it. In the broader context, however, the economic, political and military balance is obviously not in Japan's favor.

First of all, the direction of research and technical development to military needs will severely limit their use in civilian industries, and this will reduce the competitive potential of Japanese products in U.S. and West European markets.

Secondly, Japan's involvement in "Star Wars" will be a violation of Tokyo's main military policy commitments--the 1969 parliamentary resolution limiting Japan's exploration and use of space to peaceful purposes, the three non-nuclear principles, the ban on exports of weapons and military technology and others. This kind of behavior by the Japanese Government will effectively undermine the basis for trust in Tokyo's announced foreign policy principles.

Thirdly, this is a matter of international security. An ASAHI editorial of 9 December 1985 remarked: "The participation of Western countries in the SDI could have an adverse effect on the relaxation of tension that seemed to be starting at the American-Soviet summit talks. ...The SDI issue will become a serious obstacle in nuclear arms limitation talks." The Soviet leadership has repeatedly warned the initiators of "Star Wars" of the lethal threat the program will pose to world peace.

The attempts of Japanese ruling circles to participate in U.S. military programs in space have encountered mounting public opposition in Japan. The struggle against the militarization of space has become an important part of the antinuclear movement. Communists have occupied the most consistent and precise position in this struggle. The Communist Party organ AKAHATA (17 January 1986) stressed that communists "will put all of their energy into the struggle to prevent nuclear war and the work on the 'Strategic Defense Initiative.'" "A global disarmament plan instead of the SDI"--this is the slogan of peace-loving forces in Japan.

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W. EUROPEANS SEEN TRYING TO 'DISTANCE' THEMSELVES FROM U.S.

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 65-69

[Article by S. V. Smolnikov: "EEC Resistance of American Pressure"]

[Text] The rate at which the "Eureka" program, proposed a year ago by France (10 specific projects have already been negotiated within the program framework--from a powerful industrial laser to medical diagnostic instruments), is being carried out in Western Europe, especially the Common Market countries, attests to the determination of West European capital to stop the erosion of its competitive positions and fortify the basis for a more independent policy within NATO.

Washington's policy in recent years has clearly displayed the intention to neutralize any "deviations" by its partners from U.S. foreign policy and to perpetuate the West Europeans' relative handicap in inter-imperialist competition.

Some influential groups in Western Europe's Common Market have no wish, however, to accept the inferior position the Europeans have been assigned in international affairs and in matters pertaining to their own security and do not want to be confined to the industrial and technological periphery of the United States. The "Eurostrategy" worked out in West European capitals to reinforce the region's political and economic positions indicates a number of current trends. First of all, there is the attempt to heighten the importance of the "European component" in the NATO system, in the hope of an independent future military policy geared primarily to the interests of the West European states. In this context, the increased activity of the Western European Union, which is striving to intensify the military-political integration of the countries of the region, is apparently one significant element of this process. Secondly, far-reaching plans are being coordinated in some West European capitals with attempts to create a European union for the intensification of the political consolidation of EEC countries. Thirdly, there is a noticeable trend toward a shift in emphasis in community policy from agriculture to industry, especially high technology. The Common Market's integrative mechanism is being adapted more and more to the needs of West European monopolies in the technological struggle against American and Japanese rivals.

People in Western Europe hope that the combination of these processes and trends will put it on a new level in the competition with the United States. For example, former U.S. Under Secretary of State L. Eagleburger acknowledged that "Western Europe is becoming more and more preoccupied with its own economic difficulties and is agreeing less and less with the United States when we discuss international security interests."

As the sphere of inter-imperialist competition grows broader and deeper, economic, scientific and technical factors influencing the competitive positions of capitalist countries grow much more important. The technology gap between Western Europe on one side and the United States and Japan on the other is being discussed again in the West.

Ruling circles in West European countries, especially the Common Market states, attach special importance to the continued development of integrative processes on the private monopolist and intergovernmental levels, and not only with the aid of the existing integrative mechanism, but also by means of accelerated integration on the supranational level.

This, however, will require not only the intensive integration of super-structural institutions, but also the reinforcement and modernization of the economic basis of EEC states and the adaptation of West European integration to the needs of private capital in the increasingly fierce competition with American and Japanese monopolies in the sphere of advanced technology.

It is known that one of the most important means of the retooling of industry and the creation of a highly effective and progressive industrial structure is the incorporation of research findings in production in the most advanced fields of scientific and technical progress: electronics, information equipment, new communication systems, etc. Research in Western Europe, however, is now less effective in general than the research of its chief rivals in the capitalist world.\* West European companies are being crowded out of their own computer market by overseas rivals and have given up control of around 80 percent of this market to date.

American transnational corporations occupy the strongest position in the West European market for new information technology, telecommunications equipment and industrial robots. For example, IBM, which, as the American weekly BUSINESS WEEK commented, "the Western Europeans would despise if they dared," has 15 branches with a total staff of 100,000 employees and 9 research centers in Western Europe and now controls 62 percent of the computer market. The American TNC's manufacturing the latest high technology products are now probably the main instrument of U.S. economic expansion in Western Europe and of the closer technical and economic attachment of the region to its "senior" partner. Their penetration of the region is keeping West European businessmen from intensifying the development of the specific fields of scientific and technical progress that would be capable of equalizing the European position in the changing system of international capitalist division of labor.

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\* See N. P. Shmelev, "The United States in World High Technology Markets," SSHA: EPI, 1986, No 3.

Under these conditions, West European financial and industrial groups and statesmen have grown increasingly certain that the unification of their research, production and investment capabilities is the most important means of fortifying the region's technological and overall economic positions in the fierce competition with American and Japanese monopolies, and they are now trying to move in this direction. In this connection, France's LE MONDE DIPLOMATIQUE reported, for example, that "the ten" (now "the dozen") are doomed unless they create a research community and consolidate their efforts in the development of high technology industries. It is interesting that the extremely fierce competition is motivating private monopolist capital in various fields to unite efforts in the acceleration of West European integration and the reinforcement of the region's technological potential. In particular, in April 1983 the managers of 16 of the largest capitalist firms in Western Europe (Olivetti, Thiessen, Volvo and others) formed a "working group" which is expected to play an important role in expanding the sales market for their products throughout Western Europe by eliminating all national barriers. To this end, a group of measures will be taken in the sphere of research and the standardization of taxation in the West European countries.

According to available data, at least one of the group's initiatives has already aroused interest in a number of Western European capitals. This is the proposal on the establishment of an advanced technology institute in Western Europe, where the most talented young engineers, mathematicians and physicists will receive advanced training and are expected to simultaneously learn to "think in pan-European terms." This is a far from philanthropic plan. It has purely utilitarian aims, specifically the encouragement of joint R & D projects in microelectronics, information technology, robot engineering, etc.

At present, however, West European capital's attempts to find a common response to the American and Japanese technological challenge seem extremely limited and contradictory. In addition, people in the EEC countries are growing more and more dissatisfied with the increasingly unsuitable integrative mechanism of the Common Market under the present conditions of competition in the world capitalist market.

In particular, French experts have pointed to the sharp contrast between the confined areas in which the mechanism is operating and the broad spheres in which it has not becoming firmly established. In this connection, it is significant that the shift in emphasis in inter-imperialist competition to the sphere of advanced technology is being accompanied by more vigorous attempts by state-monopolist capital in the EEC countries to shift the emphasis in community activity from the agricultural sphere to the scientific and technical one.

One specific feature of this tendency, for example, is the planning and gradual implementation of a special group of extensive undertakings by the EEC countries in accordance with the community-sponsored and approved report on "Forecasts and Assessments in the Sphere of Science and Technology." A special role has been assigned to the so-called European Scientific Program

of Research and Development in Information Technology (the ESPRIT program). It is indicative that the program expenses of 1.3 billion dollars are being shared equally by the West European companies participating in the program and by the EEC governments.

The West European monopolies participating in ESPRIT include such firms as Siemens (FRG), Olivetti (Italy) and Philips (Holland). Other West European firms in communications, biotechnology and robot engineering are expected to take part in future programs of this magnitude.

The "Eureka" program became another step in the acceleration of advanced scientific and technical development through the collective efforts of the West European countries. Projects in information technology, microelectronics, laser technology, biotechnology and space technology constitute its basis. The idea of the program was approved at the second intergovernmental conference on this program in Hanover in November 1985 and the decision was made to create a secretariat. A conference statement defines the principles, aims and basic guidelines of the activities of companies, research institutes and government agencies within the "Eureka" framework. The conference approved several specific projects. In reference to the goals of the program, French President F. Mitterand stressed that "Eureka" is intended to "secure Europe's technological independence in vitally important spheres." There are underlying motives in addition to this publicly announced goal. One is the desire to gain a position more equal to that of the United States in the exchange of the latest technology. Political and business groups in the EEC countries hope that the reinforcement of the West European position will motivate the Americans to give Western Europeans broader access to their technological secrets, including the so-called "dual-purpose" technologies, equally useful in civilian and military fields. Up to the present time, the United States, which is still the technological leader, has impeded the transmission of the latest scientific and technical knowledge to its Western European partners. By doing this, it is acting in accordance, on the one hand, with the laws of capitalist competition and, on the other, with its own hegemonic political creed. Objective economic processes, however, especially the internationalization of production and capital, will eventually lead to the diffusion of American technology. Another motive apparently lying at the basis of "Eureka" is the group of military-political expectations of West European imperialism, which has not lost sight of the prospects of "Star Wars." It is obvious that EEC programs such as ESPRIT and "Eureka" are intended not only to prevent the continued erosion of the West European "power center's" positions in the technological race in the world capitalist market, but also to lay the appropriate foundation for Western Europe's military ambitions. In this connection, the definite similarity between the technical-economic parameters of "Eureka" and the American SDI project is interesting.

Incidentally, some West European firms are independently striving to become involved in SDI research, and English and West German firms are doing this with government approval. Above all, they are tempted by profitable American contracts, but this is not all. Private West European capital is afraid of the prospect of being left out of the technological projects that are now

being undertaken in the United States. These, according to some experts in the West, could also be useful to some extent in the modernization of several civilian branches. In particular, there is the fact that Western Europe is lagging behind in the latest communication equipment. West European companies are forming alliances with American corporations in an attempt to retain their position here. For sensible members of the West European public, however, the prospect of becoming involved in this way in the overseas military space program is an alarming symptom. After all, it signifies a real threat to the independence of states in the region.

Monopolist capital assigns the consolidation and expansion of the "European" basis in the military-industrial cooperation of NATO countries great significance in the reinforcement of Western Europe's position. In an attempt to strengthen the position of national armament monopolies in competition with the United States, including competition in the markets of third countries, ruling circles in the European NATO countries are stimulating military-industrial integration. Some examples of this are the Franco-West German cooperation in the production of the Roland antiaircraft missile complex and the Alpha-Jet light bombers and the Anglo-Italian-West German cooperation in the production of the Tornado plane. In July 1984 the defense ministers of the FRG, France, Great Britain, Italy and Spain reached an agreement on the joint production of a fighter-bomber for the 1990's (a year later France decided to work on the project alone and withdrew from the agreement).

Pointing out the need to consolidate efforts to strengthen Western Europe's competitive position, big capital is striving to accelerate the development of supranational forms and methods of state-monopolist regulation of EEC integration processes. The appeals of some experts for a shift in emphasis in West European integration from "Europe the market" to "Europe the producer," with a single scientific and technical policy in the sphere of the latest technology, are indicative in this context.

In particular, some kind of supranational body is to be set up in the EEC to oversee the research and industrial policy of West European states in the sphere of advanced technology. Theoretically, it is quite possible that the inclusion of production along with distribution in the sphere of the state-monopolist regulation of EEC integration processes could strengthen the position of community members in the capitalist economy and serve the interests of big monopolist capital in Western Europe. This move, however, will unavoidably cause acute conflicts within the community itself and in the entire capitalist economy.

The means and methods to which the EEC has resorted in its attempts to resist American pressure suggest that the increasingly fierce inter-imperialist competition is performing a dual function. It is providing new momentum for the continued concentration of production and capital in Western Europe and is simultaneously necessitating the greater diversification of instruments in the state-monopolist regulation of capitalist integration. The foundations for future changes in the balance of power between the two largest centers of present-day imperialism are being laid in the fierce struggle for advanced fields of scientific and technical progress.

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#### AMERICAN BOOK ON 'CRISIS' OF PRESIDENCY REVIEWED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 100-104

[Review by E. A. Ivanyan of book "The Power To Lead. The Crisis of the American Presidency" by James MacGregor Burns, Simon and Schuster, New York, 1984, 288 pages]

[Text] The name of the author of this book is well known to researchers of the American political system and the institution of the presidency. The works of James MacGregor Burns, who has been working in this field for 35 years, invariably arouse the interest of historians and political scientists in the United States and in other countries, primarily because of his unorthodox point of view and his precisely detailed political portraits of U.S. statesmen, particularly F. D. Roosevelt and J. F. Kennedy.

Once again, the author has remained true to this principle: Just as his books of previous years, this new study reveals an ingenious approach to the subject matter and the desire to answer questions in ways differing from the responses of other researchers. "The American political system," we read on the very first page, "is facing a pervasive crisis of self-confidence, which can be surmounted only by the rarest form of leadership. This crisis is rooted in the structural problems that were already apparent at the dawn of the existence of this system, 200 years ago. The symptoms of this crisis take the long-observed forms of political chaos, institutionalized stagnation and governmental helplessness and impotence" (p 11).

It is the author's conviction that this crisis is specifically reflected in the fact that talented people are "deserting" the political system for the private sector and that millions of Americans are also losing interest in the system. The failure to vote in elections has become "a conscious act of self-exclusion" from the system, Burns feels, calling the "sharp decline in fundamental faith in government" the main reason for this (pp 11-12). The level of public trust in U.S. politicians, he notes, is just slightly higher than the proverbial "trust" Americans feel for car salesmen, whom they view as consummate swindlers. It is possible, the author makes the interesting supposition, that the people are not alienating themselves from the system; rather, it is the system that has been alienated for a long time from the people, and they feel that they have been forgotten and abandoned by the

system. The complaints voiced by the public in various segments of the socio-political spectrum cover a broad range of the system's functions.

Explaining the views of leftist liberal critics of the American political system, Burns writes: "The White House is today, and the Defense Department has always been, at the center of a powerful structure of financial resources, arms construction, employment, military-strategic activity and military planning that stifles the feeble organizational capabilities and efforts made in the interests of peace.... It has become obvious that only prolonged struggle for at least a decade or two will produce an all-encompassing strategy of peace. Only collective, persistent and committed leadership can lead this struggle. It is precisely this kind of leadership we lack" (p 15). On the other hand, the author writes, conservatives complain about the inflated staff of the federal government, the rising federal debt, the continuous government intervention in business, rising taxes, bureaucratic excesses, corruption and so forth.

With a view to the continuous criticism of the U.S. political system from the Right and the Left, Burns tries to gauge the capability of the current U.S. political leadership to respond to the most vital needs of Americans for security, peace, liberty, equality and justice. "In my opinion, the main question is the following," he writes. "Are the failures of leadership in the United States mainly a result of deep-seated institutional, constitutional and other structural flaws in the American political system? Or can the causes of its failures be found mainly in the leaders themselves, in their shortage of skill, intellect, integrity, political conviction and moral strength?" (p 16). "Even now, as I write down these question," the author concludes his prologue to his study of the crisis of the American political system, "a radio announcer is talking about new American intervention and adventures abroad, about tens of thousands of Europeans and Latin Americans who have gathered in the streets and in front of military centers and are loudly protesting the actions of our government, about the weak and futile attempts to curb the nuclear arms race. And I must ask myself again: Where is the principled government activity that meets the real needs of the people? What are the current principles of the opposition party? What is the reason for this crisis of leadership in this great nation with its tremendous potential and its highly intelligent and talented people?" (p 17).

In subsequent sections of the book, the author seeks and analyzes evidence of the degree to which the cause of the crisis is an institutional component of the American political system. To this end, the author discusses specific symptoms of crisis under three U.S. administrations of the last 25 years--those of Presidents Kennedy, Carter and Reagan--with occasional references to the days of the "founding fathers" of the American Government.

The first to be analyzed is the Carter Administration, which, according to J. Burns, "attested less to political or administrative incompetence than to the failure of political strategy, largely as a result of the collapse of intellectual leadership" (p 31). "Carter's presidency," he writes, "deserves severe criticism for complicating problems instead of simplifying them. Instead of striving to surmount the fundamental unfavorable conditions complicating Carter's term in office, this administration made them even more insurmountable" (p 40).

The main conclusion of Burns' analysis of this administration is essentially the statement that Carter's strictly individualized presidency, personalized in virtually all stages of activity, proved that the United States has the "worst system for electing top leaders of all the democratic societies in the world" (p 43).

The author begins his study of Ronald Reagan's first incomplete (at the time the book was written) term in the White House with references to the reserved expectations connected with the election of this "modified conservative," as NEWSWEEK magazine called him just before the 1980 election. Many researchers of the U.S. presidency saw Reagan as "an old actor seeking a new stage, caring little about vitally important political issues and convinced that his speeches would bring him victory" or as a man with "wistful memories of the past and no realistic view of the future" (p 45). The American press saw him as "an ideologist with personal charm" (p 46), a spokesman and defender of the very ideology that was based on praise for private enterprise and the freedom of personal initiative with little or no government regulation of business and the personal lives of citizens.

The author traces Reagan's political career, noting that his acting experience played a perceptible role in it: "A photographer who had taken thousands of pictures of Reagan could not find a single one of him frowning or standing in an awkward position" (p 57). Commenting on the ideological program of Reagan and his supporters, Burns makes special mention of the anti-Sovietism uniting them in a single coalition even when they disagree on other foreign policy issues. After his first 3 years in the White House, he writes, Reagan had not lost his "cold and immutable hostility toward Soviet communism" (p 65), confirming this by stating publicly in 1983: "The simple fact is that I have not changed my mind at all about what I plan to do, what I want to do, and I believe that some of them (his critics--E. I.) are beginning to realize this" (p 68).

Burns feels that the "Grand Old Party," the Republican Party, was turned into the "big stick party" of the 1980's through Reagan's efforts. As far as the President's verbal and actual compromises are concerned, they are only "the kind of tactical concessions a 'man of principle' can allow himself to make, while a 'pragmatist' makes them at his own risk and responsibility" (p 70). According to the author, Reagan's position is based on a desire to merge the Republican Party platform with the particular variety of ideology the President considers to be the only one meeting the needs of real Republicans. At the same time, Burns says, Reagan is challenging the Democrats: Will they be able to secure the same unity of their party and ideology?

One of the main questions arising from the analysis of signs of crisis in the U.S. political system during the years of the Kennedy Administration is worded by the author in the following manner: "Kennedy (Edward Kennedy, as the political and spiritual heir of his older brother John--E. I.) or any other Democrat who openly takes a leftist liberal stand in domestic politics and consistently supports detente in foreign policy should be asked a few troublesome questions. Is there any such thing as a genuine and comprehensible set of liberal or radical ideas the Democrats left of center could use

in planning their political strategy and new political approach? Is there any such thing today as a Democratic Party capable of serving as a political base for these Democrats and as the motive power for these ideas?" (p 90).

Answering his own questions, Burns essentially expresses doubts about the positive outcome of the Democrats' struggle for political power in the absence of party unity, particularly with a view to the distinctive features of the American political system in general.

Although the author relates his critical analysis of the U.S. political system to specific administrations, he warns that it would be "dangerous to personalize our troubles because this could lead to a search for the 'bad people who spoil an otherwise wonderful system'" (p 102). It is precisely the system that does not "work," he insists, and this fact is connected more with institutional and intellectual factors than with subjective ones. Many of the problems, Burns says, namely "the loss of public trust in American political institutions, the deep historical and institutional roots of fragmented and fluctuating leadership, the distorted relationship between the mass media and the system of nominating candidates for election, in which each side reveals the worst features of the other, the continuous 'impasses' in national government and in relations between the federal and state governments and the constant spasmodic 'stop and go' progression of the system, are not new features of life in America. They have been discussed and their existence has been deplored for most of this century" (p 169). Although some of the problems of American society have been solved, the author says, the political structure in general is still the same.

In Burns' opinion, the reason is that the multitude of reformers and reorganizers could not agree on their main goals and did not secure public support. The author proposes "a modest beginning with the simple and reasonable objective of efficient collective leadership" (p 171), simultaneously acknowledging the complexity of this objective in view of constitutional restrictions. "Congress...can repair its machinery, but it is incapable of fundamental transformation or reorganization from within. The same is true, although to a lesser extent, of the executive branch of government. Both of these branches must submit to the forces and political pressure working on them, through them and within them" (p 189).

On the basis of his analysis of the causes of the crisis of the U.S. political system and the means of emerging from it, the author proposes extremely radical measures: the reinforcement of party and collective leadership in the House of Representatives and the Senate, and in interrelations between the Congress and the President, by reorganizing and merging the committees of their liaison offices and agencies; the use of impeachment as a means of retiring the President not only when he commits crimes or errors, but also in the event of a serious and irreversible breach of public trust; the promotion of more organized, disciplined, programmed and principled activity by the main parties, so that they can offer voters real alternatives and be capable of supporting their leaders in office and rallying the government round the winning political platform; the establishment of a "collective ballot," with the appropriate constitutional amendment, so that the voter

will be able to vote simultaneously for a party "team" consisting of a president, senator and congressman (in the same way that citizens now vote for the president and vice-president), and thereby create voter support for congressional-presidential interaction; the adoption of the Reuss proposal, with the appropriate constitutional amendment, to allow the President to appoint senators or members of the House of Representatives to the Cabinet without requiring them to give up their congressional seats (p 237).

It will take a long time to implement these proposals, the author feels, particularly those calling for fundamental structural changes in the system of political leadership. And this work can only be done by the Democratic Party, because the Republican Party under Reagan's leadership has become "the conservative party of the United States, strictly adhering to its principles, ...and conservatives cannot accept the actions of innovators, reorganizers and reformers. This is a job for liberals, leftists and radicals."

"In any case," Professor Burns concludes, "Reagan's Republicanism is too narrow, negative and reactionary a doctrine to include the idea of changing the system; on the contrary, Reagan's conservatism is a more effective way of preventing efficient government" (p 242).

The book contains many historical facts suggesting sweeping conclusions about the political and socioeconomic nature of the crisis of the American system of leadership. Unfortunately, the author has not stated any conclusions or generalizations of this kind, although we feel that they are self-evident. Even without this, however, the book by Professor James MacGregor Burns, the prominent spokesman of liberal-bourgeois views on U.S. political history, presents the American reader with enough unpalatable facts.

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MONOGRAPH ON CHANGING ROLE, PLACE OF U.S. IN WORLD ECONOMY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 105-107

[Review by I. D. Ivanov of book "SShA: oslableniye mezhdunarodnykh ekonomicheskikh pozitsiy" [United States: Erosion of International Economic Positions] by M. I. Zakhmatov, Moscow, Nauka, 1984, 256 pages; passages rendered in all capital letters printed in boldface in source]

[Text] The task of studying the changing balance of economic strength among the imperialist powers acquires primary theoretical and political significance in light of the decisions of the 27th CPSU Congress. "THE UNEQUAL DEVELOPMENT OF COUNTRIES WITHIN THE CAPITALIST SYSTEM IS GROWING MORE PRONOUNCED," the new edition of the CPSU Program says. "There are now three main centers of inter-imperialist competition: the United States, Western Europe and Japan. Their competition for sales markets, investment spheres, sources of raw material and superiority in the decisive fields of scientific and technical progress is growing more intense."\*

The subject of this review is a fundamental study illustrating the changing place and role of the United States in the world economy. Tracing the main tendencies in the balance of power among imperialist nations during a period of almost a century, the author quite justifiably focuses attention on the latest changes in U.S. economic positions. The comparative erosion of these positions has been more noticeable since the 1960's and has given many bourgeois researchers reason to speak of the end of the "American age."

The main focus of the author's study is an analysis of the comparative scientific and technical potential of the United States and its competitors and a comparison of tendencies in labor productivity in these countries, because these are the most important factors determining the American position in inter-imperialist competition.

Noting that the United States is still the scientific and technical leader in the capitalist world, retaining its superiority in the main high technology industries--the production of the latest computers, the aerospace and

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\* "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuza" [Materials of the 27th CPSU Congress], Moscow, 1986, p 132.

aviation industries, military industries and nuclear power engineering (p 56)--the author describes the way in which American capital lost its previous superiority in the steel, automotive and rubber industries, in the production of communication equipment and household electronics and in several high technology industries. "Uneven economic development," the author stresses, "is most apparent in the advanced fields of the technological revolution. The incorporation of the latest achievements of this revolution is becoming the most important factor determining the relative strength of imperialist competitors" (p 56).

The U.S. position in world capital exports is examined in detail. The author shows that the declining role of the United States is a result of the advancement of the EEC and Japan as large exporters of capital. It is not only in foreign spheres of investment that the United States has to compete with them. "Changes in the relative strength of the main imperialist centers are reflected in the rapidly increasing flow of foreign investments into the American economy, despite the dominant U.S. investment position in the capitalist world" (p 161). The author comments on significant tendencies which have become more pronounced in the 1980's. In particular, the United States' transition from the status of a creditor nation to that of a debtor nation was completed by the middle of the 1980's. "The nature of overseas U.S. assets and U.S. debts owed to other countries, which give the United States certain advantages, also pose a serious threat to this country," the author concludes (p 163).

The position of U.S. monopolist capital in the world capitalist market is analyzed in detail. The book contains an appraisal, new in our economic science, of the value of foreign markets in the maximization of the profits of American monopolies, which graphically illustrates the statement made at the 27th congress about the "second economy" of the American TNC's. The author shows that although the United States has been increasingly involved in international economic exchange, its policy in recent years has displayed a clear tendency toward protectionism: Ruling circles in this country preach free trade to other states and then resort to extreme measures to protect their own market.

Although the author illustrates the change in international positions with detailed statistics and describes their erosion in many spheres, he certainly does not wish to underestimate the U.S. role: "The United States is still the largest, richest and strongest imperialist power" (p 5). The study of the current world economic positions of American monopolist capital was undertaken with the aim of disclosing the roots of Washington's aggressive foreign policy. The final chapters of the book are of great interest in this context. Here the author examines the measures the American ruling class could take to modernize the economy and strengthen the international positions of the United States.

The book deals with an analytically important and politically relevant topic and is the first attempt in Soviet economic literature to determine the position of the United States in the system of international economic relations.

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STARS: DEVELOPMENT OF PROGRAM FOR MILITARY SYSTEM SECURITY

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[Article by V. V. Lipayev, A. A. Borodin and A. I. Matrosov]

[Text] The Pentagon began working on this program in the middle of 1983. In recent years the failure of software production and quality to meet the needs of computer users, including those performing important military functions, has been noted several times in the United States. The rising demand for software (SW) is due to the rapid increase in the use of computers in weapons systems. This is connected specifically with the substantial reduction of computer costs and the development of relatively cheap and efficient microprocessors and microcomputers.

Virtually all military equipment (including some means of individual defense) is to be computerized. Computers cannot perform their functions, however, without well-developed software. This SW is now the most important element determining the functional capabilities of military systems, and electronics are the means of securing the performance of these functions. It is on SW that the system's "reasoning power" depends, its ability to solve increasingly complex, numerous and rapidly changing problems. The heightened role and complexity of SW has led to a situation in which it now costs more than the computers and electronics constituting the system hardware.<sup>1</sup>

An important feature arousing the interest of American experts is the flexibility of SW--that is, its potential for modification in the event of changes in the functional requirements of the system. The introduction of changes into the program requires much less time and money than the alteration of hardware. This was how, for example, the accuracy of all 550 Minuteman-3 ICBM's was considerably enhanced. This cost 4 million dollars, which is much lower than the cost of altering the missiles.<sup>2</sup>

According to Department of Defense spokesmen, the development of software technology is needed to retain the United States' leading position in the computer field, because the military and economic strength of a nation rests largely on its achievements. As Doctor E. Martin, deputy assistant secretary of defense for research and technology, pointed out, "A U.S. victory in a military conflict will depend on the level of computer development and the scales of computer use."<sup>3</sup>

Research has been conducted on the Defense Department software engineering support program since 1982. A single program, however, was acknowledged to be an inadequate basis for the coordination of work on software technology for military systems. This is why the Pentagon began work on the STARS program.<sup>4</sup>

#### Goals and Problems

The purpose of STARS is to perfect the technology for the development and maintenance (maintenance is the process by which SW is perfected and modified during operation) of software for the computer components of military systems. These built-in computers are the "hearts and minds of all modern weapons." The development of sets of programs for these computers is considered to be a difficult process because it presupposes the fulfillment of certain requirements. They include the high reliability of military systems, which often perform their functions in critical situations; strict limits on response time (around a few milliseconds); the flexibility (or adaptability) of weapons systems, which have a service life of 10-20 years (in some cases it must be possible to respond to changing conditions by modifying SW within a few hours, or perhaps even minutes).<sup>5</sup>

Sets of programs for large military systems often contain more than a million instructions. Their development requires 5 or more years of work by hundreds of specialists and costs more than 100 million dollars. Some of these are the programs for the B-1 and E-3A planes and the Aegis naval antiaircraft missile complex.<sup>6</sup>

Defense Department expenditures on the development and maintenance of SW for built-in computers are rising much more quickly than total military expenditures and expenditures on hardware. According to Leo Young, director of the Pentagon's research management office, they totaled 8.8 billion dollars in 1984 (of the 11 billion allocated for built-in computers). By 1990 these expenditures are expected to rise to 31.5 billion dollars, or approximately 10 percent of the Defense Department budget.<sup>7</sup>

The rising cost of software, according to American experts, is connected not only with its increasing complexity and purchasing volume, but also with serious flaws in development and maintenance technology. According to them, software technology has not been developed adequately, its theoretical basis is weak, software development and purchasing systems have not been perfected, and system requirements are not stipulated precisely and are often changed during the development process. The latter often leads to a situation in which programmers cannot guarantee total compliance with changing requirements, and in some cases clients reject the software because it does not secure the performance of the required functions. Besides this, the programs being used now have been developed in the most diverse languages and with the use of different types of technological computers (that is, those used directly in programming) and operational systems (the operational system is a special set of programs controlling and managing the computing process). The service life of these systems is 10-15 years, and some American experts believe that the Defense Department will have to bear the additional expense

of maintaining this multitude of technological devices and squander human resources on the study and use of this muddle of incompatible languages, procedures and machines.

The situation in this area is complicated by the shortage of specialists. Spokesmen for all branches of the Armed Forces have complained about the shortage of programmers for a long time, and by the end of the 1980's the situation could become critical. According to Pentagon estimates, the United States now needs 50,000 to 100,000 more professional programmers, and the figure will rise to a million by 1990.<sup>8</sup>

There is also an economic argument in favor of additional allocations for the improvement of programming means and methods. The augmentation of labor productivity now requires a higher capital-labor ratio. It is much lower in programming than in agriculture or industry.<sup>9</sup>

#### Objectives of the STARS Program

Work on the STARS program was planned with a view to the results of 3 years of research by U.S. Defense Department specialists and by independent and associate groups of scientists and technicians. In all, around 500 experts participated in compiling the STARS program. Its objectives include the augmentation of labor productivity in SW development and maintenance; the creation of the necessary conditions for the development of more effective, flexible and reliable sets of programs; the acceleration of schedules and the reduction of SW development and maintenance costs.

With the aid of the STARS program the Pentagon hopes to create a single automated programming environment, covering the entire life cycle of SW (from planning to final use). The term "environment" takes in all of the elements influencing SW during its life cycle--planning and development methods and equipment, personnel evaluation, development and testing hardware, development control methods and equipment, software purchasing procedures, etc. Another special Pentagon program will serve as the basis for the work on the development of an automated environment--the creation of the ADA language. Its use will make the creation of compatible SW development and maintenance technology possible.<sup>10</sup>

The STARS program has been financed by the U.S. Army since fiscal year 1984, and beginning in 1988 it will be financed separately by each branch of the Armed Forces. Allocations in fiscal year 1984 totaled 5 million dollars, and allocations of 20 million were planned for 1985. The total cost of the program is estimated at around 300 million dollars.<sup>11</sup>

The Defense Department Software Engineering Institute will perform much of the work on the STARS program. It will serve as the organizing and coordinating center and should secure the stepped-up incorporation of new technology and take charge of the establishment and use of a highly developed programming environment, evaluate, perfect and certify new equipment and demonstrate its advantages but it will not conduct any development projects of its own. Its operations should reduce the risk connected with the

incorporation of new means and methods of SW engineering. The institute's functions will also include the coordination of projects in the development and incorporation of new SW technologies and the exchange of information about projects conducted by industrial, government and academic organizations for the military establishment. Besides this, the institute is expected to train around 200 specialists a year at the graduate level, using the observation of actual projects as a teaching method. The main computer of the institute will be hooked up to the Defense Department network, and this will allow specialists to obtain necessary information quickly.<sup>12</sup>

The Software Engineering Institute will be located in Pittsburgh (Pennsylvania) on the campus of Carnegie-Mellon University. The university competed with 11 other academic institutions for the contract. The institute staff and budget were augmented considerably in the final draft of the contract. Whereas the original draft envisaged the expenditure of around 32 million dollars in 4 years and a research staff of 85, the contract envisages the hiring of 250 people and the allocation of 103 million dollars in the next 5 years.

Three projects are scheduled for the first year of work. The first will evaluate the environment of programming in the ADA language developed for the U.S. Air Force by the Intermetrics firm and the management systems developed by the Telesort firm. The second project will investigate SW licensing procedures. Work on the third project will be organized according to the "SW factory" principle, signifying the creation of a flexible programming environment with the extensive use of automated equipment and its experimental operation for several years.<sup>13</sup>

Two methods of developing SW technology are discussed in the STARS program--gradual improvement and radical changes. In the first, the SW is developed on the basis of existing technology by means of its improvement, modernization, the addition of technical aids, the perfection of methods and the training of personnel in traditional procedures. These measures gradually result in predictable improvements. The format of SW and its major elements do not change, but the programming process is increasingly automated. According to the calculations of a prominent U.S. specialist in this field, B. Boehm, the use of this method could double the labor productivity of programmers by 1988 and quadruple it by 1993. This is a relatively low growth rate, but even if it triples by 1993 instead of quadrupling, there will no longer be a shortage of programmers.

The second method envisages the transformation of existing technology and the entire process of SW engineering. This method can be much more productive but it is also more risky. Although some of the equipment used in this method is already available (expert systems based on artificial intelligence, high-speed programming languages, functional programming and program generation systems), it is not ready for general use. The advantages of this equipment will not be realized for at least 5 years.

The STARS program envisages the use of both methods, and priority will be given to the first method in the beginning (1984-1986). Research and

development in line with the second method will simultaneously be encouraged and supported. For example, the Pentagon's Defense Advanced Research Projects Agency plans to conduct a study and demonstration of the possibilities of software developed with the use of artificial intelligence.<sup>14</sup>

#### Areas of Work

The program for the improvement of the programming environment will be carried out in nine areas, united in three groups: the resolution of the personnel problem; the improvement of technology; the extensive incorporation of new technology.

One of the main objectives of the STARS program is to satisfy the rising demand of the U.S. Defense Department for software with little change in the number of personnel. This problem will have to be solved primarily by improving the skills of personnel. The rapidly changing methods of programming require the constant training of specialists, and not only the programmers themselves, but also administrative and technical personnel. For this reason, a situation in which wages constitute 50-70 percent of the expenditures of programming firms while personnel training expenditures do not exceed 1 percent of their budget is considered to be abnormal.<sup>15</sup>

The STARS program envisages the compilation of plans for personnel training, the improvement of personnel skills and the development of new methods and forms of training. It also envisages the determination of precise job requirements and the parameters of labor productivity and performance evaluations and the consideration of these in personnel promotions. The present state of affairs was described as the following in one of the first articles about the STARS program: "No one is allowed to fly a plane costing millions of dollars without serious preparation and the proper certification. But we do not even have standards to certify the competence of personnel to develop software costing the same amount." Special attention will be paid to the hands-on training of personnel, using traditional and automated teaching methods. Besides this, academic institutions will be encouraged to offer or expand SW engineering courses. Plans also call for exchanges of leading specialists among the military establishment and industrial and academic establishments.<sup>16</sup> Heightening the professional mastery of specialists is considered to be one way of augmenting labor productivity.

The second area of work on the personnel problem will entail the encouragement of more specialists to work for the Pentagon and the stabilization of the most talented people already engaged in this work. This will presuppose the use of more effective incentive systems.

One area of work in the sphere of SW engineering is the improvement of project management methods and equipment. The success or failure of a project, the possibility of finishing it on schedule and without additional expenditures--all frequently depend on the efficient work of the project supervisor. The STARS program envisages a higher level of project planning, the better coordination of the work of the programmer and client and the enhancement of the project supervisor's ability to monitor the programming process. A

committee on software purchases is to be formed to improve relations between the client and the manufacturer.<sup>17</sup>

Another area is connected with the enhancement of the functional capabilities of standard programming methods and equipment. In addition to such equipment as word processors, database management systems, interactive debugging devices and so forth, new engineering methods and equipment are being developed and will be available to the professional programmer. They include format and interaction standards for program modules with automated management systems and standardized interfaces (agreements on principles of interaction) with operating systems equipped with hardware and suitable for use with various types of computers. The development and extensive introduction of this equipment will have a direct effect on the performance of programmers.

Another area of work in the improvement of technology is the augmentation of the capabilities of specialized methods and equipment. It is extremely important to secure the transferability of SW to different computers and its repeated use. This could reduce the time and money spent on the development of sets of programs and increase their reliability through repeated tests under operating conditions.<sup>18</sup>

As for the expansion of the scales of technology use, this primarily presupposes a change in SW purchasing practices in such a way as to stimulate the use of advanced technology. To this end, contracts will stipulate certain privileges, similar to those the Pentagon offers for the modernization of industry. Subsidies of 1.5-2 million dollars are envisaged for each contract awarded to firms operating in accordance with STARS program requirements.<sup>19</sup>

The simple and convenient use of programming equipment must also be secured. It will have to be designed with a view to the psychophysical characteristics of programmers. Analytical and experimental investigations of the factors influencing the effectiveness of the person's interaction with programming equipment are to be conducted, particularly the person's interaction with the computer during the development and maintenance of software. The methods of the more effective use of "intelligent" workplaces, capable of conducting the initial logical processing of information, will be developed. Besides this, standard agreements on communications and the use of a single database will help to eliminate non-productive expenditures on the adaptation of data input and output for the subsequent use of different types of programming equipment.

The level of automation is to be raised to relieve the programmer of certain routine operations--the input of large quantities of information, the acquisition of statistical and administrative data, etc. Equipment of this kind is to be developed for the performance of various administrative and technical functions.

The evaluation of program quality and the effectiveness of new methods and equipment will be an important part of the work on the STARS program. A set of evaluating procedures is to be developed for the periodic determination

of the quality of software and the degree of change in software technology, and for the establishment of a purchasing policy encouraging the use of the best technology. The evaluating equipment developed for the ADA language program will be used for this purpose during the initial stages. The accuracy and suitability of this equipment will be tested. During subsequent stages new equipment to evaluate the effectiveness of technology will be researched and developed, and this will aid in the correct distribution of resources and the more objective assessment of new technology.<sup>20</sup>

A Department of Defense organization will head each area of work on SW technology. The reason for this, as American experts have pointed out, is that virtually each agency is now trying to conduct or finance research in all areas of the work. The result is a multitude of superficial and poorly coordinated projects, many of which duplicate one another. These shortcomings are to be eliminated by the head organizations, which will also secure the necessary financing.<sup>21</sup>

#### Program Supervision and Stages of Work

The STARS program will be supervised by a new computer and software agency under the direct jurisdiction of the deputy assistant secretary of defense for research and technology. It will supervise the completion of the ADA language program. A joint committee, whose members will represent the three branches of the Armed Forces, will participate in the supervision of the STARS program. Besides this, each branch will have its own committee in charge of its own part of the program.<sup>22</sup>

The work on the STARS program will be carried out in four stages. Stage zero, or the preparatory stage (the second half of fiscal year 1983), was the stage of planning and organization.

The main objective of the first stage (1984-1986) is the unification of existing systems, technical equipment, procedures and training programs in a single programming environment and the start of operations. Besides this, R & D projects in new programming methods and equipment will be conducted during this stage, just as in subsequent ones.

During the second stage (1987-1988) more attention will be focused on the improvement of technology with a view to user requirements. The methods and equipment developed during the first stage should be perfected during the second.

The transition to the new technology researched and developed during previous stages of STARS is to begin during the third stage (1989-1990).<sup>23</sup>

According to American experts, the possible savings in U.S. Defense Department expenditures on software as a result of the completion of the STARS program will be colossal and will be 200 times as great as the cost of the program (that is, around 60 billion dollars). The possibility of reducing expenditures by this huge sum stems from the fact that expenditures on programs for built-in computers are expected to total 130 billion dollars

just between 1983 and 1990. Therefore, a savings of 60 billion dollars will reduce expenditures on SW for built-in computers by almost half. American experts feel that this is a realistic objective and have even called it "modest and easily attainable."<sup>24</sup>

For the sake of comparison, we can say that the introduction of the standard ADA language for all military systems will reduce SW expenditures by 24 billion dollars over the next 16 years (1.5 billion a year). These figures were computed by the U.S. Defense Department Advanced Research Projects Agency and the Decisions and Designs firm and were corroborated by the U.S. General Accounting Office.<sup>25</sup>

The relatively low cost of STARS (in relation to total Defense Department expenditures on software) and the huge anticipated return are understandable in view of the fact that the work on this program should secure the coordination and acceleration of numerous research projects in the improvement of programming, conducted by organizations of the U.S. Defense Department, such as the Defense Advanced Research Projects Agency, and by firms working on defense contracts.

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## CHRONICLE OF SOVIET-AMERICAN RELATIONS, FEB-MAY 1986

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 86 (signed to press 12 Jun 86) pp 123-127

[Text] February\*

25 -- The 27th CPSU Congress began its work in Moscow. The Political Report of the CPSU Central Committee was presented by General Secretary of the CPSU Central Committee M. S. Gorbachev. The reports says: "Ruling circles in the United States are obviously losing their realistic outlook in this complex period of history. Aggressive international behavior, the increasing militarization of policy and thinking, and contempt for the interests of others will lead unavoidably to the moral and political isolation of American imperialism and will broaden the gap between it and the rest of humanity."

President Reagan's response to the Soviet proposals of 15 January 1986 did not offer any reason for changes in assessments of the international situation either. "In the document we just received," M. S. Gorbachev said, "it is difficult to see any sincere willingness on the part of the American leadership to begin solving the cardinal problems of eliminating the nuclear threat." But the people of the entire world "expect the leaders of the USSR and United States to take concrete steps and actions and reach realistic agreements on ways of curbing the arms race. We are prepared to do this."

27 -- Assessing the position of the Reagan Administration, prominent U.S. politician and former Chairman of the Senate Foreign Relations Committee of the U.S. Congress W. Fulbright said that the White House has not shown any real interest in reducing and completely eliminating nuclear arms.

March

1 -- General Secretary Gus Hall of the Communist Party, USA, spoke at the 27th CPSU Congress.

4 -- General Secretary of the CPSU Central Committee M. S. Gorbachev met with General Secretary G. Hall of the Communist Party, USA, who was attending the 27th CPSU Congress. They discussed current international issues and the world communist movement.

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\* For the chronicle up to 24 February, see SSHA: EPI, 1986, No 4.

A plenary meeting of the delegations concluded the fourth round of the Soviet-American talks on nuclear and space weapons. The resumption of the talks was scheduled for 8 May 1986.

5-6 -- In accordance with the agreement reached at the summit meeting, to begin discussing the prevention of the proliferation of chemical weapons, delegations from the USSR and United States met to exchange views in Bern.

6 -- The 27th CPSU Congress completed its work. M. S. Gorbachev presented a speech, in which he said: "The nuclear danger has made states equal in one respect: In a big war no one will be able to sit on the sidelines or profit from the misfortunes of others. Equivalent security is the commanding dictate of our times.... We are appealing to the leaders of the states of the other social system to take a responsible approach to the key issue in world politics today--the issue of war and peace."

6 -- Soviet and American experts met to discuss southern African affairs in line with the agreement reached at the Geneva meeting of the leaders of the USSR and United States in November 1985 on the continuation of the bilateral exchange of views on regional problems.

10 -- In Moscow, M. Sellers, the second secretary in the U.S. embassy, was detained for espionage and was declared persona non grata.

11-12 -- The USSR Ministry of Foreign Affairs vehemently protested the unfair demands of the U.S. Government with regard to staff cuts in the permanent USSR mission to the United Nations in New York.

12 -- President Giffin of the American-Soviet Trade and Economic Council (ASTEC) was received in Moscow by USSR Minister of Foreign Trade B. I. Aristov.

14 -- In response to the joint message from the leaders of Argentina, India, Mexico, Tanzania, Sweden and Greece, M. S. Gorbachev announced that the Soviet Union would not conduct nuclear tests after 31 March either--not until the first nuclear test in the United States. The USSR proposes, the reply says, the immediate drafting of a treaty to ban all nuclear tests and the resumption or commencement of relevant talks in any form--bilateral, trilateral or multi-lateral--but without making this conditional upon other matters.

Speaking at a plenary session of the Conference on Disarmament, the head of the USSR delegation proposed the conclusion of an international agreement to secure the immunity of objects in space.

15 -- Member of the Politburo of the CPSU Central Committee and Chairman of the USSR Council of Ministers N. I. Ryzhkov met with U.S. Secretary of State G. Shultz in Stockholm when they attended O. Palme's funeral. They discussed several aspects of relations between the USSR and the United States and a number of international problems.

An exhibit of Soviet books was opened to the public in the U.S. Capitol building.

15-21 -- An analytical conference on the May Day centennial, organized by POLITICAL AFFAIRS magazine, was held in New York. It was attended by representatives of the CPSU.

18 -- A note was delivered to the U.S. embassy in Moscow to protest the violation of the state border of the USSR in the Black Sea near the south shore of the Crimea by American warships on 13 March 1986. The embassy was informed that this was an ostentatious and aggressive act with an obviously provocative purpose.

20 -- The appeal of the USSR Supreme Soviet Presidium to the U.S. Congress "to do everything within its power to bring the U.S. position in line with the need to stop nuclear tests" was published.

21 March-2 April -- Soviet schoolgirl Katya Lycheva visited the United States with a delegation from the Soviet Committee for the Defense of Peace as a guest of the American Children as Peacemakers organization.

22 -- A nuclear device was tested in Nevada. The force of the blast was close to 150,000 kilotons. A U.S. Department of Energy spokesman reported that the test was conducted as part of a project to develop a new warhead.

26 -- Speaking at a luncheon in the Kremlin honoring President C. Bendjedid of the DPRA [Democratic and Popular Republic of Algeria], M. S. Gorbachev proposed the simultaneous withdrawal of U.S. and USSR naval forces from the Mediterranean. It was noted that the USSR is willing to "begin negotiating the matter without delay."

A TASS statement condemning the aggressive U.S. action against Libya was published.

27 -- Chairman of the House Committee on Foreign Affairs D. Fascell and Congressman W. Broomfield arrived in the USSR.

29 -- Appearing on Soviet television, M. S. Gorbachev proposed the organization of a Soviet-American summit meeting in any European capital for the preparation of an agreement on a total nuclear test ban.

#### April

1 -- Council chairmen L. N. Tolkunov and A. E. Voss of the USSR Supreme Soviet sent a telegram to Speaker of the House of Representatives of the U.S. Congress T. O'Neill to request him to use his considerable authority and influence to convince Congress to do everything within its power for the cessation of nuclear tests by the United States.

3 -- M. S. Gorbachev's replies to the questions of the Algerian magazine REVOLUTION AFRICAINE were published. They include the following comment: "Washington's actions after Geneva are inconsistent with the agreements reached there. The anti-Geneva syndrome is growing stronger there, and this will naturally create many difficulties in the development of Soviet-American relations."

Member of the CPSU Central Committee Politburo and USSR Minister of Foreign Affairs E. A. Shevardnadze received U.S. Ambassador to the USSR A. Hartman at his request.

The U.S. administration began delivering modern Stinger antiaircraft missiles to counterrevolutionary gangs in Afghanistan.

5 -- A new agreement was signed in the United States on cooperation between the USSR Academy of Sciences and the U.S. National Academy of Sciences.

5-7 -- Members of the Soviet and American UN associations met for a conference in Washington. The Soviet and American delegations were headed by Academician G. A. Arbatov and E. Richardson respectively. Speakers unanimously advocated the reinforcement of the United Nations' role in international affairs.

8 -- At a meeting with workers in Tolyatti, M. S. Gorbachev favored the organization of a Soviet-American summit meeting without any kind of preliminary conditions. M. S. Gorbachev noted that this meeting should produce tangible results in curbing the arms race.

A delegation from the Soviet Committee for the Defense of Peace visited the U.S. embassy in Moscow and gave embassy representatives a committee message addressed to President R. Reagan of the United States, asking him to stop American nuclear tests and join the Soviet Union in the suspension of these tests.

In connection with the end of A. F. Dobrynin's tour of duty as USSR ambassador to the United States, he had a meeting with Ronald Reagan. A message from M. S. Gorbachev was delivered to President Reagan.

10 -- The United States conducted another nuclear test in Nevada. The new test of the nuclear device was conducted as part of the work on systems for the "Strategic Defense Initiative."

10-12 -- Secretary of the CPSU Central Committee A. F. Dobrynin had two meetings in Washington with U.S. Secretary of State G. Shultz for the discussion of Soviet-American relations. A meeting of the foreign ministers of the two countries was scheduled for the middle of May 1986.

12 -- A Soviet Government statement was published, pointing out the fact that the nuclear test conducted in the United States on 10 April 1986 had released the Government of the USSR from its unilateral pledge to refrain from all nuclear tests. The Soviet Union is willing at any time, however, to reconsider a mutual moratorium on nuclear tests if the U.S. Government announces that it will refrain from conducting such tests. The Soviet Government simultaneously repeated its proposal that the negotiation of a total nuclear test ban begin without delay.

15 -- The statement of the Soviet Government on the U.S. air attack on Libya says that the administration itself had made the projected meeting of USSR and U.S. foreign ministers impossible at this time.

In his message to leader of the Libyan revolution M. Qadhafi, M. S. Gorbachev stated that the armed U.S. aggression against Libya would certainly have an adverse effect on Soviet-American relations.

18 -- Speaking at the 11th SED Congress, M. S. Gorbachev proposed the substantial reduction of all components of the ground troops and tactical aviation of the European states and the corresponding U.S. and Canadian forces stationed in Europe. The reduced companies and units would be disbanded and their weapons would be destroyed or stored on national territory. Operational and tactical nuclear weapons would be reduced at the same time as conventional weapons.

22 -- The Soviet Union submitted new proposals to the Conference on Disarmament in Geneva, envisaging the total elimination of chemical weapons throughout the world and the industrial facilities for their production under effective international control.

Another nuclear test was conducted in Nevada.

Presenting a report at the festivities commemorating the 116th anniversary of V. I. Lenin's birth, E. A. Shevardnadze remarked: "Now the creation of the necessary conditions for the resumption of direct dialogue on a high level depends on the American administration. What is needed is real action to minimize the danger of war and heighten trust between states."

23 -- A regular meeting of the Soviet-American Permanent Consultative Commission came to an end in Geneva.

28 -- The USSR and U.S. delegations completed the second round of the bilateral exchange of views on the prohibition of chemical weapons in Geneva.

29 -- Regular flights between the USSR and United States were resumed. They will be made by the Aeroflot and Pan American airlines.

May

3 -- The message from the leaders of Argentina, India, Tanzania, Sweden, Mexico and Greece and M. S. Gorbachev's response to it were published. The response stresses the willingness of the USSR to negotiate the extension of the Moscow treaty on the prohibition of nuclear tests in the three spheres to underground nuclear tests as well.

5-6 -- Preliminary Soviet-American consultations were held in Geneva to consider the possibility of centers for the reduction of the nuclear danger.

7 -- Eric Seitz, a member of the defense attache's staff in the U.S. embassy in Moscow, was apprehended in a secret meeting with a Soviet citizen who had been recruited by American intelligence. Seitz was declared persona non grata for his unlawful espionage activities.

8 -- E. A. Shevardnadze received U.S. Ambassador A. Hartman at his request. They discussed some aspects of Soviet-American relations and matters of mutual interest.

Another round of the Soviet-American talks on nuclear and space weapons began in Geneva with a plenary meeting of the delegations. Specific Soviet proposals on all three groups of topics are on the negotiating table and could pave the way for agreement.

13-29 -- Meetings of the following groups were held in Geneva as part of the Soviet-American talks on nuclear and space weapons:

13, 20, 29 -- The group on space weapons;

14, 21, 28 -- The group on strategic weapons;

15, 22, 29 -- The group on intermediate-range nuclear weapons.

14 -- Appearing on Soviet television in connection with the accident at the Chernobyl nuclear power plant, M. S. Gorbachev announced that "the Soviet Government has weighed all of the facts connected with the safety of our people and all humanity and has decided to extend its unilateral moratorium on nuclear tests to 6 August of this year." He also repeated his proposal that he and President Reagan meet without delay in the capital of any European state or in Hiroshima to discuss a ban on nuclear tests.

15 -- A plenary meeting of the USSR and U.S. delegations at the talks on nuclear and space weapons was held in Geneva at the suggestion of the USSR delegation.

The head of the U.S. delegation, M. Kampelman, made a statement in Bern, publicly announcing that the USSR delegation had submitted a draft agreement on intermediate-range missiles in Europe. As far as the Soviet side is concerned, it abided by the principle of confidentiality and did not report the submission of this draft. The USSR delegation directed attention to the unilateral and distorted way in which the Soviet proposal had been described by the head of the American delegation.

M. S. Gorbachev received renowned American businessman and public spokesman A. Hammer and Doctor R. Gale from the United States in the Kremlin. He expressed profound gratitude for the sympathy, understanding and rapid concrete assistance they offered in connection with the tragedy the Soviet people had suffered--the accident at the Chernobyl plant.

That same day R. Gale and A. Hammer held a press conference, which was also attended by Corresponding Member of the USSR Academy of Medical Sciences A. I. Vorobyev at R. Gale's request. In his answers to journalists' questions, Gale remarked on the highly efficient manner in which his Soviet colleagues and Soviet medical establishments had responded to the accident. He said that their preliminary estimates of radiation doses and treatment strategies were exceptionally accurate. "I am not afraid to call the work of these people, who risked their lives to save their countrymen, heroic." In the words of the American medical expert, if anyone assumes that first aid can be administered in a nuclear war, this is, regrettably, a senseless expectation.

An exhibit of "Five Centuries of Masterpieces" from A. Hammer's collection opened in Moscow.

16 -- At a press conference for Soviet and foreign journalists on the talks on nuclear and space weapons, attended by USSR Deputy Minister of Foreign Affairs A. A. Bessmertnykh and Col-Gen N. F. Chervov, chief of a department of the General Staff of the USSR Armed Forces, it was noted that the statement by American officials, that the United States had supposedly introduced something new into the talks on 1 November 1985 and 24 February 1986, was not true. The allegation that the Soviet Union had failed to respond to these American proposals was equally far from the truth.

21 -- The United States conducted another nuclear test in Nevada, code-named "Panamint." This was the fourth nuclear test officially announced by Washington this year and the eleventh since the Soviet Union's announcement of its unilateral moratorium on all nuclear tests on 6 August 1985.

A Soviet-American exchange of views by experts on the situation in Central America was held in Moscow.

22 -- The USSR Ministry of Foreign Affairs sent a note to the U.S. embassy in Moscow in which the Soviet side insisted on the satisfaction of its legitimate demand for the extradition of war criminal S. D. Kovalchuk, whom the United States is still sheltering.

23 -- A press conference on nuclear arms limitation was held in the press room of the USSR Ministry of Foreign Affairs in connection with the statements of American officials that the U.S. Government is now considering its future attitude toward the treaty on the limitation of strategic offensive weapons (SALT II). It was attended by Marshal of the Soviet Union S. F. Akhromeyev, USSR first deputy minister of defense and chief of General Staff of the Armed Forces, and by A. A. Bessmertnykh. It was noted at the press conference that the U.S. renunciation of the SALT II treaty would remove the restrictions that have maintained the military-strategic balance between the USSR and United States for several years.

26 -- M. S. Gorbachev received a delegation from the British Parliament, headed by Lord Whitelaw and including representatives from all parliamentary parties, in the Kremlin. During a conversation, M. S. Gorbachev specifically proposed the joint consideration of a Soviet-British initiative on the resumption of the tripartite--USSR, United States and Great Britain--talks on a total nuclear test ban, which were broken off in 1980, especially since all participants agreed at that time that tests of nuclear weapons should be banned.

27 -- Member of the CPSU Central Committee Politburo and Chairman of the USSR Supreme Soviet Presidium A. A. Gromyko received a delegation from the American Bar Association (ABA), headed by W. Pfalzgraf, its president, in the Kremlin. The Americans were in our country as the guests of the Union of Soviet Societies for Friendship and Cultural Relations with Foreign Countries and the Association of Soviet Jurists.

29 -- The fifth all-union report and election conference of the USSR-USA Society was held in Moscow. Delegates discussed the results of society activity in the past 5 years and made plans for future projects to inform Americans about life in the Soviet Union and to strengthen the spirit of mutual understanding between the people of the two countries. A new board was elected. Academician N. N. Blokhin was re-elected president.

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